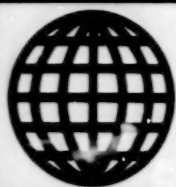


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JPRS Report

East Asia

Southeast Asia

East Asia SOUTHEAST ASIA

JPRS-SEA-88-018

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Karen, Mon, Shan Alliances; Leadership Described

42070107 Bangkok KHAO PHISSET in Thai
20-26 Jan 88 pp 24-26

[Article by Dr Chamlong Thongdi: "New Signal Along the Western Combat Front: Two Mon Factions Join Forces"]

[Text] Political forecasters, or people who are well informed about the political situation in general, all accept one political science theory or theory of international politics and that is that things change depending on the variables or factors stipulated. This is true regardless of whether politics is determined at a level that affects the entire world because of the threat of war and nuclear weapons or because there is a conflict of ideals and beliefs when the leaders want to free their nation, group, or people from poverty, hunger, and suffering.

Those who have monitored the movements in the west along the border with Burma are familiar with the problems of the various minority groups that want to free themselves from the control of the U San Yu government, which has been controlled by Gen Ne Win for several decades. Burma has come under much criticism. In particular, there has been much talk about the backwardness of the country, and there have been many "rumors" because of the government's policy of closing the country.

The Mon, Karen, and Shan provide good examples that should be studied. For many years now, the Karen, under the leadership of Gen Bo Mya, who has also headed the NDF, or National Democratic Front, has been more influential than the Mon or other minority groups because of the money that it has made from collecting border transit taxes and engaging in border trade with merchants and influential people. This border trade has included timber and gemstones. As a result, the Karen have been able to fight back against the Burmese government forces. But they have not been able to fight sustained battles because of the lack of military materials or logistics support and for other reasons, which are rather complex.

One change that should be studied or watched carefully is the change in the leadership of the NDF. At the beginning of 1987, Gen Bo Mya, the leader of the Karen National Union, was replaced by Saw Maw Reh, the leader of the Red Karen, and the Kachin leader became general secretary. The NDF was established in 1976. During that period the Karen have been the key group. They have had superior weapons, and the border terrain has facilitated combat and the transport of weapons by arms dealers across the Thai border. These weapons have poured into Thailand from Cambodia and Laos (some have come from Bangkok). Every year during the cold and dry seasons, Burmese government forces have attacked the Karen, and this has greatly weakened the Karen. Even though Christian groups have been trying

for years to get the Karen to submit the matter to the United Nations in order to have him named the president of Kawthulay, there seems to be very little chance of this. There has been opposition from both the New Mon Party and Thai of Mon ancestry (who are now Thai).

In short, the Karen have been worn down by the situation on all fronts. Their position as leader of the minority groups has declined. Their only policy has been to wage an armed struggle, which has just resulted in loss of life and property. Many minority groups are wavering, because they are opposed to waging a confrontational war or guerrilla war. In the past, the large minority groups such as the Mon and Shan did not cooperate very much. This is clear from the fact that the Shan national liberation groups led by Gen Kon Cheng and Khun Sa (the TRC group) refused to join. The only Mon group to join was that faction of the New Mon Party headed by Nai Nol Lar, whose base is located in the Three Pagodas Pass area. The faction of the New Mon Party headed by Nai Shwe Kyin endured the split in the Free Mon movement, resisted the pressure by the Karen, who expanded their influence into Mon territory, and endured the conflicts among the Mon. By December 1987, it had been 7 years since the Mon forces split apart. As a result, the Mon felt alone and depressed. They have had to struggle against great dangers in the Mon area.

Around the middle of 1987, activities were carried on both secretly and openly after the leadership change in the NDF. Brang Seng, the Kachin leader, traveled to Japan in order to challenge the Burmese government and inform the people of the world about what is happening. Another interesting group is the Group To Restore Democracy in the Union of Burma, which is led by a Burman professor, who founded this group in the United States. He met with the new leader of the NDF in Thailand. And in October 1987, he met with Nai Shwe Kyin at the Ba Loh Camp along Thailand's western border. Around the same time, there were secret meetings between the leaders of the two Mon factions and the leader of the Red Karen, or Karenni, in his capacity as the president of the NDF, between the Mon, the Shan groups of Gen Moh Heng and Khun Sa, and the SSPP [Shan State Progress Party], which is led by Sai Lek, and between the Mon and the Kachin. Everything went very smoothly. There were factors that compelled the two Mon factions to reunite. A secret meeting was held at the beginning of December 1987. On 9 December 1987, Nai Shwe Kyin and Nai Nol Lar, the leaders of the two Mon factions, signed an agreement. This was witnessed by Saw Maw Reh, the leader of the Red Karen (Karenni or Kayah minority) in his capacity as the president of the NDF, and the Kachin leader. This means that the New Mon Party led by Mai Shwe Kyin, with Nai Nol Lar serving as vice chairman, has joined the NDF. The conditions were not disclosed. But what is certain is that this will lead to major political changes in the Union of Burma. An organization, or movement, of the U.S. government is supporting this. The success of the new

president of the NDF in getting the two Mon factions to unite has greatly surprised the Thai of Mon ancestry. They are surprised that Nai Shwe Kyin and Nai Nol Lar finally managed to reach an agreement after years of failing to reach a compromise.

In the final chapter of "The Mon Country," or the collection of feature articles entitled "When the Swans Return Home" (published in 1986), I wrote that uniting the Free Mon must be done based on various political conditions. And as things turned out, I was right.

It was during the period that the two Mon factions were meeting in order to join together that the Korean airplane crashed into the Andaman Sea off the coast of Mong Ye (Doeng Re), which is where the Mon are concentrated. Reports from Bangkok and other countries in Asia said that the airplane crashed in the Tanaosi jungle in the Karen Kawthulay area. There were also rumors that the Karen had announced their independence. And there were references to statements made by Gen Bo Mya. Actually, during that period, Gen Bo Mya, the leader of the Karen National Union (KNU), had gone to meet Gen Kon Choeng and Khun Sa, the leaders of the Shan TRC, or Tai Revolutionary Council. Some suspect that they might join together in order to traffic in narcotics. Such a conclusion is too hasty and "superficial."

Regarding the Karen and the Shan, it should be remembered that several years ago, the Karen, led by Gen Bo Mya, asked the Shan State Army (SSA), a member of the TRC, to withdraw its forces from Mae Oh. But this request was refused. And Saw Maw Reh has held secret negotiations with the Moh Heng-Khun Sa group in order to have them join the NDF. But based on its policy, the TRC has constantly refused to join the NDF. If the Moh Heng-Khun Sa group does agree to this, the new path of the minority groups that have been opposing the Burmese government throughout the period of the Ne Win government will play an important role in waging a political offensive and bringing about major changes in the Union of Burma under a democratic system of government. As for liberating the country, that will have to wait depending on the political timing or political conditions that the whole world will have to accept.

Concerning the decision by the two Mon factions to join together given various political conditions, Nai Shwe Kyin and Nai Nol Lar do not feel that the Mon can wage an armed struggle against the Burmese government. There is also the pressure stemming from Ban Mae Oh in the Shan State. Gen Bo Mya failed to persuade the TRC, or Shan government, to join the NDF. He also failed to get the Mon group of Nai Shwe Kyin and the MNDA group of Maj Pa Koh Man in the Tanaosi area to join the NDF. They had different political ideals. The Mon and Shan are fighting to liberate their countries. They are not fighting just in order to bring democracy to the Union of

Burma. Right now, the Karen need to find new friends. That is why Karen leaders met with Shan leaders during the period 5-7 December 1987.

Reports state that this meeting did not result in the two groups reaching any agreement. If the Karen leader accepts the international political activities initiated by the new leader, it means that Gen Bo Mya has promised that the Karen will take action against the Mon, such as by killing Mon and burning their villages, which will just generate hatred, create conflicts, and cause the various Mon groups to fight back. In particular, the Thai of Mon ancestry, who love peace, will not stand for this. Like the Shan and Karen, the 6 million Mon who live in southern Burma want to split away from the Union of Burma and form the Mon Republic. But that will not happen in the near future unless there are political conditions or pressures to bring this about. Today, the best thing for them to do is to return to the political arena within Burma with a great power providing support or serving as a factor for opening the Burmese political door, which has been closed for many years. Burma has been closed for so long that huge numbers of people are illiterate, which is very alarming. The country's economy is in terrible shape, and there is no sign that the Burmese government will be able to solve the country's problems if the internal political situation remains unchanged.

This decision by Nai Shwe Kyin to join the NDF and wage a political struggle within the union has made the Mon in Thailand wonder if all hope of achieving independence is gone. Political forecasters will probably conclude that this is a profound political move. There were foreign factors and great powers became involved, and so they had to join together. Because the Mon are an important variable of the NDF. The history of the minority groups shows that regardless of the political policies implemented by Burma, the Mon have always been the prime mover for change, including the movement for Burma's independence and the root of art, language, and culture.

In conclusion, the fact that the two Mon factions have united and joined the NDF is a new change that may lead to changes in the Union of Burma now that the Gen Ne Win-U San Yu era is coming to an end. The Thai government will certainly watch these changes and will probably have to make some changes in its security policy for the western border area. But will these changes result in the Thai government giving more attention to the human rights of these minority groups? Or will it just follow the path of the great powers?

11943

Karen Insurgent Leader Profiled, Khun Sa Ties Noted

42070112 Bangkok MATICHON in Thai 23 Jan 88 p 3

[Article by Pon Sawek: "The Birthday of Gen Bo Mya"]

[Text] On 18 and 19 January 1988, the Moei River around the Kotelu landing in Tha Song Yang Subdistrict, Tha Song Yang District, Tak Province, and the Sae Sam

Laep landing in Mae Sariang District, Mae Hong Son Province, was filled with launches headed toward Ma Noe Pro, the main headquarters of the Kawthulay government, or Free Karen State.

A variety of people went there. They included businessmen, people engaged in timber operations, defeated MPs, military intelligence personnel (who tried to pose as civilians), ISOC [Internal Security Operations Command] officials, foreign spies, local reporters from Mae Sot, and Karen, both old and young. All were headed for the Ma Noe Pro Camp. "Ma Noe Pro" is a Karen word meaning "land of victory."

Gen Bo Mya, the president and supreme commander of the Kawthulay government, was there, because the next day, 20 January, was his birthday. His codename, which is not generally known, is "Lung Uan" [Fat Uncle]. This year, Fat Uncle held a grand celebration on the occasion of his 61st birthday. From the Ma Noe Pro landing, you could see the grand festivities. An archway leading up to the Ma Noe Pro Headquarters had been built over the loose earth along the Moei River. A stairway had been built by driving stakes into the ground and placing boards on top. These had been painted a garish green. Looking up at the archway, you could see the flag of Kawthulay above a large colored drawing. This drawing was like a cutout at a movie theater. It was a drawing of Gen Bo Mya, the present leader of Kawthulay.

Inside was a large flat area paved with laterite. The area was the size of a soccer field, or about the size of the army sports stadium. If Aet Carabao held a concert there, the place could easily hold 30-40,000 people. You could see that this large field was used as a soccer field when it was not being used for military training purposes. But for the president's birthday, a stage the size of a large conference hall at a large hotel in Bangkok had been built. The floor of the stage was made of wooden planks. There was no roof. But there was a large backdrop painted with a huge sun emitting nine rays, which is copied from part of the Kawthulay flag. The nine rays of the sun are on the left side of the rectangular flag. The sun and nine rays symbolize unending progress. This also symbolizes the great distance that the Karen have come over a long period of time. They have come from Mongolia and the Yangtze River basin. This may also symbolize their struggle to get the world to recognize Kawthulay as an independent and sovereign country. But because the Burmese government refuses to recognize Kawthulay, the world refuses to recognize it, too.

In addition to the large stage, on the field, a huge white cloth screen had been spread out. The music of Aet Carabao indicated that there was going to be a movie. It is thought that this was a favor from friends of the Karen in Mae Sot District. This certainly had something to do with profits. It was a lesson in friendship based on trade.

Near the house of President Bo Mya was another stage. It had both a roof and a curtain. It did not look like a boxing arena. But a Karen general said that it was a boxing arena.

Around the field, which serves as the center of the Kawthulay government, was a concrete sidewalk. Karen stalls were set up all along the edge of the field. Some of the stalls sold betel. Others sold barbecued chicken legs that looked rather dry. Some sold rice and curry dishes. And some sold hand-made clothes. Many people arrived on 19 January, and double or triple the number came the next day.

On the morning of 20 January 1988, the sun came up from the east over the Moei River. The sun shined directly into the eyes of Fat Uncle. But Fat Uncle did not show any expression. Because that was just another life-like drawing of Fat Uncle that had been hung above the building. Lovely golden birds surrounded the drawing.

This building had been built just for Fat Uncle's birthday. It was used to hold a banquet for the guests. It was located near the kitchen. Lovely Karen girls wearing sarongs and plain-colored shirts served the guests who came in to eat. Some people may have felt indifferent, as if they were entering a restaurant with new tables and chairs. But others were probably quite proud of the fact that they were guests of the president.

Gen Bo Mya is a very courageous Karen fighter. In the Karen language, his name means "sapphire." Before he was elected as the fourth president about 10 years ago, he used a single pistol to kill about 10 Burmese soldiers who had come to assassinate him. The 7 million Karen still talk about the courage that he displayed that time.

Around 0800 hours on 20 January 1988, Gen Bo Mya and his wife and six sons and daughters left the house and crossed the field. They sat in a row in wooden chairs in front of a stage set up for dancers and a military band and chorus. The honored guests and other guests sat on long wooden benches. Approximately 5-6,000 Karen from various places arranged themselves behind the benches reserved for guests.

The ceremony in the morning got underway with the song Happy Birthday, which was played and sung by the military band and chorus. That was followed by a prayer asking God to protect their beloved leader. After that, senior people in the Kawthulay government made speeches praising Gen Bo Mya. They spoke in Karen, and so those who did not speak the Karen language could not understand what they said. A cabinet-level spokesman periodically announced what was next on the program. There was much excitement when President Brang Seng, the leader of the Free Kachin State, one of the 10 free-state minority groups that have formed the NDF (National Democratic Front), came up and presented a special gift to Gen Bo Mya. He gave him a red cloth bag

decorated with silver and a sword in a silver scabbard. The sword was about the length of an arm and had a handle decorated in silver. The 4-5,000 people there could all see the sword sparkling in the sunlight. After that, he was given presents by people representing the other free states belonging to the NDF and by guests from many different places. Also, trade allies of the Karen at the Mae Sot and Mae Sariang markets came and presented gifts to the president.

The president thanked each person individually and distributed gifts to many of the soldiers. This took about 10 minutes. The ceremony to celebrate the 61st birthday of the president of the 7 million people of the State of Kawthulay concluded when the Karen-speaking spokesman announced over the microphone—which was followed by a Thai translation—that the “president will now close the ceremony.” Gen Bo Mya stood up and spoke into the microphone facing north. All he said was, “I want to thank all of you who came to wish me well on my birthday.”

A large number of professional and amateur photographers and reporters attended this ceremony. They took many pictures of Fat Uncle. After the ceremony was officially closed, Karen youths danced on the stage. The songs to which they danced had great meaning to the audience. They seemed very proud. But few people took pictures.

Besides the bag and silver scabbard given by the Kachin president, one of the other gifts was a generator that takes four people to lift. This gift pleased Fat Uncle very much. And just like birthday parties in the West, the host had to blow out the candles on the birthday cake. Gen Bo Mya leaned over and blew out all the candles in one breath.

There was one person whom many people hoped would come to the ceremony, Khun Sa, the narcotics kingpin. There are rumors that Gen Bo Mya and Khun Sa have become allies. But Gen Bo Mya has denied this. He admitted that he had met with Khun Sa and that they had shaken hands. But he denied that they had signed any kind of treaty. Because Khun Sa is still involved in narcotics trafficking activities. He asked for another 8 years. But who can wait that long! He said that Kawthulay will never become an ally of a narcotics trafficker like Khun Sa.

It's said that the rumors about Bo Mya and Khun Sa signing a treaty have been spread by people who have taken bribes from Burma. The birthday celebration for this important leader, who has been waging a struggle for more than 40 years, is over now. One thing that is strange is that Burmese forces have never attacked the Karen on his birthday. This year, the Karen destroyed a Burmese base just prior to the birthday of their president.

!1943

MFA Official Discusses ZOPFAN, U.S. Bases in Philippines

42130088d Jakarta *SUARA PEMBARUAN* in Indonesian 1 Feb 88 pp 1, 16

[Text] Jakarta, 1 February—Indonesia's desire to turn the Southeast Asian area into a Zone of Peace, Freedom, and Neutrality (ZOPFAN) is a fundamental issue and not merely a political wish.

It was in that connection that the Third Summit Meeting of ASEAN countries, held in Manila in the middle of December 1987, decided "to increase the efforts being made to create the ZOPFAN as quickly as possible, through consultations with other countries outside ASEAN." This was stated by Wisber Loeis, director general of the Indonesian National Secretariat for ASEAN in the Department of Foreign Affairs, in the speech which he gave at the seminar, "ASEAN After the Manila Summit Meeting," held on 30 January on the campus of Indonesian Christian University [Universitas Kristen Indonesia—UKI], Jalan Diponegoro, Jakarta.

As the only speaker at the seminar held by the Faculty of Law at UKI, Wisber (53 years old) admitted that the concept of ZOPFAN could not be implemented quickly. However, one of its components, the Southeast Asia Nuclear Weapons Free Zone (SEANWFZ), could be achieved more quickly.

According to him, this was because the concept of the denuclearization of Southeast Asia in fact already existed. The effort to implement it was halted with the invasion of Cambodia in 1978 by the Vietnamese Army.

Wisber declared before about 100 international law students of the Faculty of Law of UKI: "Since then ASEAN has considered that it is the Cambodian question which must be resolved first."

Not Threatened

During a rather sharp question and answer session presided over by Samuel Pardede, an instructor at the Faculty of Law of UKI, Wisber said that, basically, the ASEAN countries do not accept the existence of foreign military bases in the region. However, with relation to U. S. military bases in the Philippines, he said that these existed due to the fact that the Philippines, as a sovereign country, may enter into such an agreement with the United States.

Wisber said that the Republic of the Philippines has declared that the U. S. military bases are only temporary. He pointed to the "Bangkok Declaration" of 8 August 1967, a statement made at the time ASEAN was established. In the declaration it is clearly stated that foreign bases in the ASEAN area are only temporary in character.

In the bilateral Philippine-U. S. agreement called the MBA (Military Bases Agreement) it is stated that U. S. bases in the Philippines may be maintained until 1991. Meanwhile, the United States, of course, will continue to seek an extension of this agreement.

Wisber said that in Indonesia's view it does not feel at all threatened by anyone and, of course, wants to create the ZOPFAN. He added that it is not true that U. S. bases in the Philippines (the U. S. Air Force base at Clark Field and the U. S. Navy base at Subic Bay) are there to balance military bases of the Soviet Union at Cam Ranh Bay, for the Navy, and at Da Nang, for the Air Force, both of which are in Vietnam.

Wisber stated in answer to a question from a student that Clark and Subic had existed for a long time before Cam Ranh Bay and Da Nang began to be used as military bases by the Soviet Union.

Negative in Character

Wisber added: "And U. S. military bases in the Philippines have been specifically a negative for Indonesia," recalling that Allan Pope, a mercenary soldier who helped the PRRI/Permesta [Revolutionary Government of the Republic of Indonesia/Charter of Universal Struggle] rebel group during the 1950's, received training at that time at Clark Air Force Base. Wisber mentioned in his paper that as one of the results of the third ASEAN summit, ASEAN's permanent secretariat has been instructed to study ways to step up the effectiveness and efficiency of the secretariat. Many proposals on reform have been made because the organizational structure of ASEAN is considered inadequate.

At present the ASEAN Secretariat has an annual budget of only \$3 million, with 12 persons assigned to it. Although the activity of the ASEAN Secretariat is rather substantial, it is felt that its authority is very limited. Wisber added that in the near future he will complete his tour of duty as director general of the Indonesian National Secretariat for ASEAN and will go on to a new assignment as chief of the Permanent Indonesian Delegation to the United Nations office in Geneva, Switzerland.

05170

Australian Envoy Interviewed on Relations With Jakarta

42130077b Jakarta *TEMPO* in Indonesian 30 Jan 88 p 34

[Interview with Australian Ambassador Bill Morrison by Susanto Pudjomartono in Jakarta; date not specified]

[Text] Indonesian-Australian relations have cooled since April 1986, after the appearance of an article by David Jenkins in the paper *THE SYDNEY MORNING HERALD* that was considered insulting to the head of the

Republic of Indonesia. Recently there have been signs that the ice has begun to melt. In connection with Australia's National Day, this 26 January, Susanto Pudjomartono from TEMPO last week interviewed Australia's Ambassador, Bill Morrison, in Jakarta.

The transcript:

[Question] Indonesian-Australian relations, which reached their worst point as a result of a report in THE SYDNEY MORNING HERALD in mid-1986, now seem to be beginning to improve. What is your view?

[Answer] In my view, relations between the two countries now are very good. I think this is mainly because of improving trade relations and personal contact. Now there is more investment and joint ventures between Australian and Indonesian companies, especially in the fields of coal and gold. Because of this, the Australian people are giving more attention to Indonesia. And this is bringing about a change in the way Australians view Indonesia.

[Question] In Australia there is a group called the "confrontationists" and a group called the "Indonesian Lobby." Is the fact that increasing numbers of Australians see Indonesia as a threat—as seen in the results of the TV ABC poll (in 1983 only 15 percent, increasing to 35 percent in 1986)—represent a sign of growing influence of the confrontationist group?

[Answer] First, I do not believe Indonesia represents a military threat for Australia. And I do not believe that the confrontationists are dominant in Australia, much less in the government in power or in the opposition. I visited Australia 3 months ago and spoke with members of the Labor Party on the defense/foreign relations committee. I also talked with a spokesperson from the opposition party about foreign problems and with a joint committee about this matter. I feel very strong support from them to improve relations with Indonesia. I can even say that good and close relations with Indonesia are supported by all party groups.

[Question] Does this also mean support by all members of society?

[Answer] Well, we have a problem with the press. You know that the Australian government has absolutely no control over the press, so the press can write whatever they want. The problem is that Australian reporters can not directly cover Indonesia because they are not allowed to enter Indonesia. But you know this is the policy of the Indonesian government; we can not get involved. But for the last 3 months, Australian reporters have had the opportunity to come for a limited period of time. We hope press relations will improve in 1988.

[Question] Does the difference in culture and value systems represent an obstacle in relations?

[Answer] Yes. When we discussed the problem of the newspaper just now, I think this matter was felt. Because even if geographically we are close neighbors, culturally we are very different. Because of this, much has to be done by the two sides to bridge the difference. And my view about this matter is: We do not always have to accept or agree on all matters, but we must always understand each other. I am not saying the Australian value system is better or worse than the Indonesian system. I am saying that our systems are different and that whoever wants to scrutinize the relations of the two countries must also pay attention to the differences.

[Question] What are the main weaknesses in relations between the two countries?

[Answer] Actually there are no big weaknesses. Only that we do not have institutions large enough to be bridges. Take trade, for example. Trade between the two countries is relatively small. The volume of trade is not dominant for either of the two countries. Australian exports to Indonesia are about \$511 million [Australian]. Indonesia exports to Australia are about \$310 million [Australian]. This is relatively small, though fairly beneficial, and I think it has the potential to develop. What is most significant in this problem, that is a change in orientation, is the arrival of Australian tourists, which is the second greatest in Indonesia—and in Bali even number one. More than 100,000 Australian tourists come to Bali every year. They used to think that Bali wasn't even part of Indonesia, but now many more Australians not only visit Bali, but also Java, Sulawesi, and other areas. So, there has been a change.

[Question] In other words, Indonesian-Australian relations which are always "up and down" are a sign that relations between the two countries are actually "fragile." What is your opinion?

[Answer] Well, fragile is one term. I think the relations between two countries are always difficult. If there are differences, they are felt to be much larger than if they occurred with a country further away. So, relations between neighbors are always difficult. Especially because we do not have a history of partnership in many areas. We have to work hard to maintain and develop those relations. So, we are conscious that there are differences between ourselves, but there are also similarities. That is the area that has to be developed.

[Question] In the last 2 years, Indonesia has continually reduced its level of defense cooperation with Australia. Is this an indication of a decline in relations?

[Answer] Ten years ago, when Australia donated patrol boats and Nomad aircraft, ABRI [Armed Forces of the Republic of Indonesia] needed them. We provided a training program and we sent our officers to Indonesia to carry out this program. But now ABRI has the capability and no longer needs Australian trainers. This is a good thing. Because we helped them become self-sufficient.

[Question] According to the "Dibb Report," is Indonesia considered to be militarily Australia's most important neighbor?

[Answer] During World War II, the Japanese army controlled the Indonesian archipelago, which was used to bomb Darwin. So, Indonesia is strategically important for Australia. What I mean is, it is important that Indonesia does not become hostile toward Australia. And we do not consider the government of President Soeharto to be hostile towards us.

13416/7310

MFA Official Discusses Relations With Australia
42130088e Jakarta KOMPAS in Indonesian 2 Feb 88
pp 1, 8

[Excerpts] Yogyakarta, KOMPAS—The fact that there are still doubts among certain groups of Australians who regard Indonesia as a threat and the unsympathetic attitude toward Indonesia of certain elements of the Australian mass media create problems for relations between the two countries. This was stated by Dr Hasjim Djalal, chief of the Research and Development Section of the Department of Foreign Affairs, at a seminar discussing Indonesian-Australian relations, which was held on 1 February by KOMAHI (International Relations Student Corps) of the Faculty of Political Science of the University of Gadjah Mada in Yogyakarta.

Without Foundation

In his presentation entitled "Several Dimensions in Indonesian Australian Relations," which he presented in his private capacity, Hasjim said that the view that Indonesian military power is a threat to Australia is completely without foundation. This is because, in fact, Australia, with its military power and experience, is more capable of taking action in Southeast Asia than Indonesia, with its military power, which is characterized by an active defensive posture toward Australia.

Hasjim Djalal said that Indonesia has often been called a country which is a potential threat to Australia. The "leak" of the Australian defense review for the period 1987-95, prepared by Paul Dibb at the request of Minister of Defense Kim C. Beazley, has created a kind of perception among certain groups in Australia that Indonesia may be considered a threat to that country.

Indeed, according to NEWS POLL IN AUSTRALIA 1987, the ranking of countries considered a threat to Australia is as follows: Indonesia (24 percent), Libya (20 percent), and the Soviet Union (14 percent). In the same poll in 1986 the ranking was: Indonesia (31 percent), the Soviet Union (21 percent), and Libya (4 percent).

The Australian defense concept of self-sufficiency has been developed in accordance with its framework of alliances, particularly with the United States and

regional associations of states. In reviewing its strategic environment two areas of Australian interest are identified. These are: a military area of interest extending 1,000 miles from the Australian coast, including Indonesia, PNG [Papua New Guinea], and nearby, neighboring countries in the South Pacific. The area of strategic interest 2,000 miles from the Australian coast, an extension of the area of military interest, includes Southeast Asia, the Eastern Indian Ocean, and the Southwest Pacific.

Potentially, from the point of view of military power, Australia has the capacity to invade both of these areas of interest. By extending Australian power to the north, both in the form of an early warning system as well as considering operations by commando units, Australia considers that there is a threat from the north. At present it is claimed by certain press and community groups in Australia that this threat will come from Indonesia, although it is stated that during the next 10 years no country in the region is capable of attacking Australia.

Openness

Such a situation can be dealt with by openness, mutual understanding, and the exchange of views, both between governments and scholars as well as between community groups of the two countries. It is hoped that in this way this mistaken view of the Australian people will change.

According to Hasjim, the economic relations which have been developed between the two countries can become bonds that hold them together, if relations between them deteriorate at any time. Another way would be to make a contribution to development in Indonesia, particularly economic development. And still another way which could be used more effectively would be bringing the two countries together through cultural contacts.

Hasjim said that developments that can cause disturbances to Indonesian-Australian relations are reflections of historical and political differences. Indonesia follows the presidential system, while Australia has the parliamentary system. The two countries are democracies. However, Indonesia, which has Pancasila [Five Principles of the Nation] democracy, does not recognize the existence of an opposition. On the other hand Australia supports the view that liberal thinking and the free circulation of ideas can be carried on anywhere. It is that difference of view which is the cause of friction between the two neighboring countries. Most recently, this was shown in the article by David Jenkins in the SYDNEY MORNING HERALD of 10 April 1986.

Wisber said that the Australian mass media play an important role in the ups and downs of relations between the two countries. The Australian mass media do not have a single attitude toward Indonesia. Their attitude depends on the matter in question. For a long time their attention was concentrated on the East Timor question.

In general, the source of their one-sided reports was an element of the FRETELIN group [East Timor Independence Front] who took refuge abroad.

Their attention to East Timor began to diminish when Prime Minister Bob Hawke confirmed his government's recognition of Indonesian sovereignty over that territory. The attitude of the Australian mass media also improved with the issuance of permits to several Australian reporters for visits to East Timor and Irian Jaya. However, this atmosphere, which had begun to improve, sharply worsened to its lowest point as a result of the writings of David Jenkins.

To improve relations in the social and cultural area, Hasjim spoke of the need to increase the number of books in English on Indonesia, to be distributed to universities and libraries in Australia.

Conversely, there should be broadcasts by RRI [Indonesian Radio Service] which can be received by the Australian people and which can be the source of correct information on Indonesia.

05170

Riau Governor Still Hospitalized

42130088c Surabaya *SURABAYA POST* in Indonesian 7 Jan 88 p 2

[Excerpts] Surabaya—As of 7 January Imam Munandar, governor of Riau Province, is still undergoing medical treatment at Doctor Soetomo General Hospital. He has been receiving medical care at this Class A provincial hospital since 15 December 1987.

A *SURABAYA POST* reporter who visited Imam Munandar on 6 January saw him lying in bed. He was still receiving a transfusion. He was connected to an oblong box but he appeared normal and still alert.

Because of his illness Imam Munandar is on a rather strict diet.

05170

Chief Justice Says Eradication of Corruption Possible

42130088h Jakarta *ANGKATAN BERSENJATA* in Indonesian 1 Feb 88 p 1

[Text] Jakarta, *ANGKATAN BERSENJATA*—Supreme Court Chief Justice Ali Said has stated that there is no reason for pessimism in eradicating corruption. If there really is a will to do it, corruption can certainly be eradicated.

Chief Justice Ali Said said this in answering questions from reporters after being installed in office as a member of the MPR [Majelis Permusyawaratan Rakyat—People's Consultative Assembly] by Kharis Suhud, chairman of the MPR, at the Parliament/MPR Building in the Senayan area of Jakarta on 30 January.

According to Ali Said, an obstacle, felt up to this point, which has made it difficult to eradicate corruption, has been the lack of a will to do so. At the same time there have been few government leaders who have been able to be our guides in this struggle. He said: "It is not difficult to be a leader. What is difficult is to be a leader who at the same time is a guide."

Ali Said admitted that corruption is not a simple matter. It has multiple aspects. There are many factors which cause the growth of corruption, including the environment and the weakness of supervision. However, it is certainly true that corruption is not something specifically Indonesian. He added: "If we have the will to stop it, corruption can certainly be wiped out. Therefore, there is no reason for pessimism."

05170

Biographical Items on Political, Military Leaders

Rear Admiral Soedibyo Rajardjo, Armed Forces Chief of General Staff

42130077d Jakarta *KOMPAS* in Indonesian 16 Jan 88 p 12

[Excerpt] The office of the armed forces Chief of General Staff was transferred from Lieutenant General I.B. Soedjana to his replacement, Rear Admiral Soedibyo Rahardjo. Lieutenant General Soedjana will now become secretary general of the Department of Defense, while Rear Admiral Soedibyo Rahardjo was formerly assistant for operations at ABRI Headquarters.

Arnaldo Dos Reis Araujo Dies

42130077d Jakarta *ANGKATAN BERSENJATA* in Indonesian 26 Jan 88 p 1

[Excerpt] Arnaldo Dos Reis Araujo, the first governor of East Timor from 1976-79, died 24 January at 10:55 pm Central Indonesian Time at the Central General Hospital in Dili. He was 75 years old. The deceased was also a former member of Parliament from 1982-87.

Col Barnadi, Kodam VI/Tanjungpura Chief of Staff

42130077d Jakarta *SUARA KARYA* in Indonesian 3 Feb 88 p 6

[Excerpts] Balikpapan (Suara Karya)—Last week in Balikpapan Colonel (Corps of Engineers) HA Barnadi was sworn in as Chief of Staff of Kodam [Military Area Command] VI Tanjungpura, replacing Brigadier General Pardjoko S. Before being promoted to Chief of Staff

of Kodam VI Tanjungpura, Barnadi held a staff position in Kodam VIII Trikora. Meanwhile Brigadier General Pardjoko will receive a new position as governor of West Kalimantan.

13416/7310

Islamic Student Association Sees Decline in Membership

42130087g Jakarta TEMPO in Indonesian
13 Feb 88 p 29

[Text] The Islamic Student Association (HMI) is 41 years old. About 1,500 invited guests packed the Mineral Technology Development Center (PPTM) in Bandung last Friday (5 February). The atmosphere that night was imposing, although it was marred by the absence of deputies from some of the HMI's 67 branches.

This largest and oldest Islamic student association (it started on 5 February 1947), has been considered stable. It weathered the problems of the Old Order [Sukarno's regime], for example, and remained independent. "The HMI has been independent since the beginning, and it did not surrender to Masyumi," said Nurcholish Madjid, the association's former deputy chairman.

Since it began, this Islamic students' association has firmly waved the banner of its Islamic basis. The result was that when it accepted PANCASILA [Five Principles of the Nation] at its congress in Padang 2 years ago as its sole basic principle, the organization was "rocked."

A splinter group, which has created a new institution called the Council to Save the Organization (MPO), came into being at the HMI's 16th congress. "We have not split off. We are still part of the HMI. The MPO is only a forum for members who are disappointed in the HMI's PB [Executive Board]," said Eggy Sudjana, general chairman of the MPO.

Is it true that HMI's Islamic ideals have become slack since it declared itself based on PANCASILA? "That view is incorrect, we are Islamic and Indonesian at the same time. So, PANCASILA is not a problem," said Cak Nur, Nurcholish Madjid's nickname.

However, Nurcholish said, the birth of other Islamic youth organizations, such as the PMII (Indonesian Islamic Students Movement), the IMM (Muhammadiyah Student Union) and mosque youth organizations, have meant that the HMI is less respected. "The HMI is too political; and so, many people are abandoning it," he said sharply.

Eggy Sudjana said that the HMI had few sympathizers even in international Islamic youth organizations. The IIFSO (International Islamic Federation of Student Organizations) and WAMY (World Assembly of Muslim Youth), which has its offices in Kuwait and Riyadh, is beginning to ignore the HMI.

This was proved when the IIFSO held an unscheduled meeting in Kuala Lumpur, Malaysia, last September. The HMI's PB was not invited. "In fact, the MPO, the Indonesian Proselytizing Board and the PII [Indonesian Islamic Pupils] all received invitations," said Eggy.

Cak Nur said that the HMI is also beginning to fade away as an intellectual organization. It is tending more towards being an organization of demagoguery and rhetoric, dominated by fiery speeches. "This doesn't attract students into the HMI," he said.

Dr Eng Imaduddin agreed with Cak Nur's analysis. The former general chairman of the YPM (Mosque Development Foundation) Salman and of the LDMI (Islamic Students Proselytizing Institute) said firmly. "In my opinion, the HMI's power and influence declined long ago, when the HMI was no longer close to society but became close to those in power. The people no longer see the HMI as their defender."

Dr A. M. Saefuddin, former president of Ibnu Khaldun [University], gave a similar evaluation. The HMI's programs are more pragmatic, situational and conditional. "This is felt to be very dry because they are not sheltered by Islam," said the former chairman of the HMI's Bogor branch.

The HMI's PB was ready with a response to these criticisms. "In the last 2 years we have had a consolidation. This has included increasing an understanding, inspiration and experience of Islamic values," Saleh Khalid, general chairman of the HMI's PB, said calmly.

09846

Banned Youth Organization Leaders Reportedly Display Defiant Attitude

42130077c Jakarta TEMPO in Indonesian
6 Feb 88 p 24

[Text] The signboard of the Indonesian Islamic Students (PII) was still obvious on Menteng Raya Road, Central Jakarta Psat, last 1 February. The uncared for sign appeared as if to point out that the student organization still existed. Even though according to Home Affairs spokesperson Feisal Tamin last week, the PII—and also the GPM (Marhaenist Youth Movement)—had actually been disbanded.

At headquarters PII members were still apparent, hanging around. This 1 February three PII officials led by General Chairman Cholidin Yakobs met with Moch. Barir, director of community development in the Department of Home Affairs. They visited with the intention of questioning [the government's decision on] the PII's existence.

According to Moch. Barir, the PII no longer exists. "If you want, you may form a new organization with a name that is not PII," he said, repeating to TEMPO what he

said to the PII officials. "And you have to fulfill the stipulations of the existing laws." What he was referring to was Law No 8 of 1986. This means they would have to include [in their bylaws] Pancasila as the sole basis of the organization.

The fate of the PII and the GPM was decided by the Minister of Home Affairs Ruling Nos 120 and 121, date 10 December 1987. The ruling emphasized that the PII and the GPM do not fulfill the requirements stipulated by law. Because of this, "Their existence is not recognized." And, "All activity done in the name of the PII is forbidden."

A day later, the Minister of Home Affairs, in Ruling Nos 220 and 221, sent a letter to all governors, mayors, and bupati. It contained a request that all local officials uphold the Minister's Ruling numbers 120 and 121. They should curb the PII and the GPM by forbidding any activity whatsoever, pull down their signboards or forbid the posting of signboards, and forbid the use of anything indicating the organizations.

The point is, "There is now no longer a PII or GPM," said Feisal Tamin. What if they continue on? "Everything has its rules," replied Feisal. "I don't think it would be as easy as that. I hope they've learned a lesson."

Cholidin Yahabs, general chairman of the PII's Executive Council, once told TEMPO that if the PII happened to be disbanded, "It would be no big deal." He also said, "We'll just have to see later. It has been considered." The disbanding of the PII—which Cholidin says has 1,080 branches in 26 provinces and 4.5 million members—must be decided by in the PII's congress.

Although it has been declared disbanded, the PII apparently still exists. Take the PII in Aceh, for example. Last 23-24 January, 125 students took Basic Training. "We are just carrying on as usual," said Hasunaddin, the PII Director in Aceh.

The disbanding of the PII, which was established in 1947, is considered tragic by Endang Saifuddin Anshari, an official of the first PII provincial executive committee in West Java. "They are not ready to accept Pancasila as the organization's sole basis because the leadership is honest, unadulterated, and simple," he said. They strongly believe that Islam does not conflict with Pancasila.

Do they need a new organization to provide an outlet for the members? Cholidin is still considering this. But, according to Husein Thamrin, general chairman of the PII 1966-68, if things are just left as is, he fears that the young children will all be snared by extremist-type Islamic groups. Or they will join the company of the apathetic and fatalistic. Because in any event, there must be a place for them to train, he said. "The scouts and school organizations are not sufficient to fulfill the aspirations of the students," he said.

What is the situation with the GPM? According to Rachmawati, the chairperson of the GPM, it is the government's prerogative not to recognize their existence. "What is important is that we will continue to exist," she said emphatically. And she will continue to lead the organization. For Rachma, "Marhaenism and the GPM can not be separated."

13416/7310

Difficulties Emerge in Transmigration Program

South Sumatra

42130087e Jakarta SUARA PEMBANGUNAN in Indonesian 16 Feb 88 p 3

[Text] In terms of numbers 177,453 transmigrant families, or 749,245 people, have been placed in South Sumatra so far. Qualitatively, however, transmigration in South Sumatra has not reached the expected level because of the broad scope of its goals.

Drs H Mansyurdin Arma, deputy governor, made this admission in Palembang yesterday after inaugurating Drs Mustafa M. Tamy as KAKANWIL [head of the provincial office] of the South Sumatra Department of Transmigration, replacing Eko Sarwoko. Drs Mustafa, the new official, previously served in the Department of Transmigration's North Sumatra provincial office in Medan. Eko Sarwoko, who had been in that post for 15 months, will become director general for recruitment and development of the Department of Transmigration in Jakarta.

Arma said that there are still obstacles and difficult problems in carrying out the transmigration program in South Sumatra. Among these problems are a shortage of type two land. In fact, there is still a shortage of type one land in the transmigration counties of Musi Banyuasin, Ogan Komering Ilir and Ulu, Muara Enim, Lahat and Bangka. There is also type one and type two land which has not been tilled properly as well as unused local transmigrant housing.

Certificates

In addition, there are still many uncompleted transmigrant land certificates; this has had an effect on the owners' feelings of security in their work.

Arma also said that there is a severe shortage of grade-school, junior-high-school and high-school teachers in the newly developing transmigration settlements. In addition, there have been complaints about the shortage of nurses, midwives and PLKB [Planned Parenthood Training Centers].

Other obstacles have been bad roads and communications, which have affected the marketing of produce and supplies of basic necessities for the transmigrants. Also

found are 63,186 hectares of land for 20,503 transmigrant families on which canals could not be completed because funds were not available. "This is a challenge which must be faced," said Arma.

The government of South Sumatra handed 82 transmigrant settlement units over to the local governments of Ogan Komering Ilir, Ogan Komering Ulu, Musi Rawas, Musi Banyuasin, Lahat and Muara Enim to be developed further. These transmigrant settlement units are for permanent new villages.

Implementation of Program

42130087e Jakarta MERDEKA in Indonesian
17 Feb 88 p 1

[Excerpts] Minister of Transmigration Martono is not satisfied with the implementation of the transmigration programs for which he is responsible. Even though the number of transmigrants who have been placed in various areas has reached and even exceeded the target, here and there new input is needed in the area of development.

"I'm not satisfied," said Martono, speaking about and evaluating the results of his department's programs during the 5-year period of the Fourth Development Cabinet.

He emphasized that the areas of social, cultural and economic development of the transmigrants "are still minimal, have not reached the target and have many weaknesses."

Martono said that managing transmigration now and in the future will focus more on implementing development and on rehabilitation, to the extent that funding is available.

The main reason for the failure of transmigrant development has been the lack of coordination among the departments and agencies involved in carrying out transmigration programs.

"Well...I'm still not satisfied with the present system of coordination. I mean...cross-sector coordination involving many departments is still not complete, is still not working maximally," he added.

He also explained that development in transmigration areas is not only the responsibility of the Department of Transmigration. For example, officials of the Field Agriculture Scouts (PPL) should always be available on the spot in sufficient numbers to train the transmigrants to become successful farmers.

The same is true of the Department of Welfare, the Department of Education and Culture and the other agencies involved. "Transmigration areas still being

developed by the Director General for Recruitment and Training (RAHBIN) of the Department of Transmigration are short of grade-school teachers and health-care personnel," said Martono.

Speaking about cooperatives in the transmigration areas, the minister said that KUDs [Village Unit Cooperative] are still in short supply. He said "That is why the economic situation of the transmigrants' is still so bad. The KUDs must be increased."

09846

Trade Minister Urges Increased Use of GSP

42130087c Jakarta ANGKATAN BERSENJATA in Indonesian 12 Feb 88 p 1

[Text] Rachmat Saleh, minister of trade, yesterday urged all Indonesian businessmen to make increased use of GSP (Generalized System of Preferences), especially in trade with the United States since few businessmen have been willing to use this system up to now.

"Through the GSP our commodities, which have not been competitive up to now, will be competitive. Commodities exported by other countries have been more competitive than ours because they have used the GSP," he said.

After confirming the Rattan Joint-Marketing Board of the Indonesian Rattan Entrepreneurs' Association at the Ministry of Trade in Jakarta yesterday, Rahmat said that Indonesia was concerned about the abolition of GSP for four Asian countries. The only ASEAN country involved was Singapore.

These four newly industrialized countries have played a role in using up about 60 percent of the GSP facilities in their trade balance with the United States. On the other hand, Indonesian businessmen who use the GSP constitute not more than 1 percent of the total GSP which the United States gives to developing countries.

The Ministry of Trade has been trying to inform and familiarize businessmen with the use of GSP. However, businessmen seem only partly aware of the importance of GSP in efforts to increase the competitiveness of Indonesian products.

"To obtain a GSP involves a lot of work, documents, correspondence and information about which commodities are part of GSP facilities, and businessmen have to make an effort and to think about it," he said.

In addition, GSP facilities must also maintain the type, quality and price of the competing products so that using GSP will have real effects in raising Indonesia's competitive position in order to increase the future balance of trade.

"The only thing made easier in GSP is a decrease in import duties. In that way the export commodity is not burdened by high import duties and so can be sold more cheaply," he said.

Indonesia must also increase direct trade because trade through a third country makes it impossible to use GSP fully.

09846

Gradual Abolition of Fertilizer Subsidy Recommended

42130088a Jakarta *SUARA KARYA* in Indonesian
30 Jan 88 pp 1, 11

[Text] Bogor, *SUARA KARYA*—If government subsidies in the agricultural sector are to be abolished, and the subsidy on fertilizer in particular, a gradual reduction will be necessary, involving five stages over a maximum period of 10 years. Consequently, the price at which fertilizer is sold to farmers will also increase during that period of time.

Dr Faisal Karyono, chief of the Agro Economic Research Center (Kapuslit) of the Department of Agriculture, made this statement when he was interviewed by a *SUARA KARYA* representative in Bogor [West Java] on 30 January. He was speaking in connection with the proposal made by Richard Lyng, United States secretary of agriculture, who urged Indonesia to abolish agricultural subsidies. This proposal was referred to Ingr Achmad Affandi, minister of agriculture, after Secretary Lyng was received by President Soeharto at Istana Merdeka [Merdeka Palace] on 27 January.

Dr Faisal Karyono declared that this phased reduction in five stages would be based on the still relatively high level of the subsidy at this time. Furthermore, with the reduction of the subsidy in five stages, it is also hoped that the burden which would be borne by the farmer, particularly the increase in the price of fertilizer, would not be too heavy. He said: "It could be that each phase of the reduction in the fertilizer subsidy would be implemented annually. However, unfortunately, that would depend on the consequences and certainly on the farmers as well."

According to Faisal, at present the government provides a 50 percent price subsidy on fertilizer purchased by the farmers. For example, the price of the fertilizer now being subsidized is 125 rupiahs per kilogram. This means that if the fertilizer is sold without a subsidy, the price will be about 250 rupiahs per kilogram.

The total fertilizer subsidy provided by the government for fiscal year 1987/1988, which is now half over, amounts to 203.5 billion rupiahs. In the state budget for

fiscal year 1988/1989 the subsidy will decline to 200 billion rupiahs. According to our information, total domestic requirements for fertilizer currently amount to 4 million tons annually.

Distribution

Faisal Karyono stated that the fertilizer subsidy was initially granted so that the farmers at that time would be encouraged to use the fertilizer on their fields. On the other hand agricultural subsidies, and particularly the one on fertilizer, were intended by the government to redistribute income from the petroleum and natural gas sector to the agricultural sector. He said: "This is because the oil price during the first and second 5-year plans and at the beginning of the third plan was rather high and could be relied on at the time."

However, when Indonesian economic conditions were no longer as good, as a result of the recent decline in the price of oil, according to the Agro Economic Research Center, and, on the other hand, when domestic fertilizer requirements reached a relatively high level, it was time for the fertilizer subsidy to be reduced gradually and, eventually, to be abolished completely.

He recalled that, in view of the present level of fertilizer use, it appears that the pressure for increased use of fertilizer no longer has much influence on increased production. This is due to two mutually related factors: that is, the relationship between fertilizer and increased production reached the stage where it was approaching the peak of higher production. He said: "Some time ago, by contrast, when just a small amount of fertilizer was used, the effect on increased production was rather substantial."

He declared that in the future, when the fertilizer subsidy is abolished, the government through its research offices must try to find a new combination of technology by using different varieties of seeds. By using a little fertilizer, a rather substantial increase in production can be achieved. This is based on the calculation that the increase in the price of fertilizer as a result of the abolition of the subsidy will make farmers less interested in using fertilizer on their fields.

According to Faisal, it is hoped that the abolition of the fertilizer subsidy can expand the program for crop diversification, particularly the planting of secondary crops. This is because, up to now, fertilizer has been used most often in the cultivation of paddy. He said: "When the fertilizer price goes up in the future, the farmers, among other things, will choose to grow secondary crops such as corn, soybeans, and other commodities which do not need so much fertilizer."

05170

Investment Board Chief Calls for Land Deregulation

42130087a Jakarta *SUARA PEMBARUAN* in Indonesian 10 Feb 88 p 1

[Text] Drs Eng Ginanjar Kartasasmita, chairman of the Capital Investment Coordinating Board (BKPM), admitted that there are frequent problems in land administration in domestic and foreign capital investment and that land deregulation would be better if it were carried out as part of government capital investment policy in Indonesia.

Ginanjar made this statement in response to questions at a working meeting of Commission VI of the DPR-RI [Indonesian Parliament] chaired by Sunaryo Hadade in Jakarta today.

Even though a land team has been set up, Ginanjar admitted that he has been faced with many difficult problems, not only with privately controlled land but also with many government projects. It takes a long time to solve land problems for many government and private projects.

Ginanjar explained that it also takes a long time for the BKPM itself to grant a permit for land use on 100 hectares or more. "I myself don't know why it takes so long," Ginanjar said.

He said that they rarely hear complaints about delays in granting permits for business development. What they hear are complaints about difficulties in obtaining credit and problems involving land.

To speed up capital investment in the provinces the minister of home affairs has issued various policy statements, including regulation No 12/84 concerning making land available, granting rights over land, granting construction permits on the basis of laws granting zoning variances; this regulation gives the chairman of the BKPM [Provincial BKPM] the authority to grant permits regarding location, to obtain land and to grant rights over land on behalf of the governor.

09846

Alleged Repatriation of Invested Capital Denied

42130087b Jakarta *KOMPAS* in Indonesian 11 Feb 88 p 2

[Text] Up to now no international funds invested in Indonesia through PMA (foreign capital investment) projects have returned to their country of origin. On the contrary, funds have continued to flow into Indonesia through an increasing number of expanding PMA projects.

Ginanjar Kartasasmita, junior minister for domestic product production, acting as chairman of the BKPM (Capital Investment Coordinating Board), made this

statement at a "working meeting" of Commission VI of the DPR [Parliament] in Jakarta on Wednesday [10 February]. At the meeting chaired by Drs Soenarjo Haddade, Ginanjar also said that the value of expanded PMA projects in 1987 had broken a record compared with previous years and that there were continued requests for new project permits through the PMA.

Ginanjar made these statements in order to deny the alleged recent tendency for international funds to flow back to their country of origin. According to Commission VI of the DPR this tendency is the result of lowered stock prices on the international market in 1987. "Foreign investors are busily sending their capital abroad because of the drop in prices on the international stock market."

Ginanjar said that the value of projects being expanded in 1987, \$473 million, was the highest since PMA facilities opened up in 1967. Last year 71 projects were undergoing expansion.

New Projects

Ginanjar said that 70 new projects, valued at \$983 million, had been approved in 1987. However, last year was not the biggest year in PMA history. There was less investment in 1987 than in 1983, when there was (\$2.5 billion,) and in 1982, when there was (\$1.2 billion). "However, last year's figure shows that PMA investor interest is very high," he said.

He said that total domestic capital investment (PMDN) in 1987 amounted to 10.2 trillion rupiahs. This consisted of 7.8 trillion rupiahs in new investments in 566 projects and 176 previous projects which are being expanded.

09846

Sugar Mill Rehabilitation Increases Capacity at Lowered Cost

42130087d Jakarta *ANGKATAN BERSENJATA* in Indonesian 16 Feb 88 p 3

[Text] Rehabilitating older sugar mills is more successful than building new sugar mills as an answer in increasing capacity and efficiency.

Soedjai Kartasasmita, secretary of the Indonesian Sugar Board, made this statement in Jakarta on Friday [12 February].

In order to increase sugar production 18 new sugar mills were planned at the end of 1983. He said that due to the national financial situation only eight were built, seven by the government and one by private capital.

However, the two-stage rehabilitation completed in 1985 has increased capacity and processing efficiency.

Soedjai said that the rehabilitation of 46 sugar mills in Java has succeeded in increasing total milling capacity from 110,000 tons of sugarcane a day to 130,000 tons a day, an increase of 20,000 tons or 18 percent.

He said that efforts to increase milling capacity were continued in 1987 and involved 12 sugar mills in East Java, Central Java and Lampung.

An increase of 13,000 tons a day will be achieved, 7,000 tons in 1988 and 6,000 tons in 1989.

Soedjai said that this 13,000-ton a day increase is the equivalent of building three new sugar mills. The capacity of a single sugar mill is usually 4,000 tons a day.

If a sugar mill costs 60 billion rupiahs, this means that Indonesia does not have to spend 180 billion rupiahs.

Soejai said that by rehabilitating 46 existing sugar mills, i.e. the Rajawali Sugar Mill (formerly the Oei Tiong Ham Concern) at a cost of 16 billion rupiahs and the sugar mills owned by the PTP (Government Sugarcane Company) numbers XV, XXI, XXIV, XXV and XXVI at a cost of 65 billion rupiahs, Indonesia has saved 99 billion rupiahs.

He added that the total milling capacity of sugar mills on Java will then increase by 10 percent, from 130,000 tons to 143,000 tons of sugarcane a day.

Production Goals

Soedjai said that 1986 sugar production goals were 2,045 million tons, but only 2,016 million tons or 98.6 percent were actually produced. In 1987 production goals were 2,198 million tons, but only 2,126 million tons or 96.7 percent were actually produced.

Soejai thinks that this low figure was a result of the long dry season, which lowered the amount of sugar produced from sugarcane.

From these facts it seems that efforts to increase total sugar production have succeeded.

09846

Official Describes Benefit of Cooperation With SGS

42130077a Jakarta ANGKATAN BERSENJATA in Indonesian 5 Feb 88 pp 1, 7

[Text] Jakarta, AB—The President of PT Sucofindo [Superintending Company of Indonesia], I Nyoman Moena, said before Parliament's [DPR] Committee VII last 4 February that the impact of the whole system of Presidential Directive [Inpres] No 4, 1985 is a striking reduction in expenses for importers and exporters, a smooth and sure flow of goods, and a rise in government revenues from customs receipts and taxes.

"This situation has improved Indonesia's image abroad, which has certainly resulted in supporting international trade and promoting foreign investment in Indonesia."

Before the session chaired by Yahya Nasution, it was also stated that based on figures received from companies and trade associations, with the assumption that the clearing of goods had been reduced 1 month and based on an average import value of \$10 million with a 20 percent interest rate, Indonesian importers had been able to save approximately \$116 million a year.

"Reductions which have taken place in port warehousing expenses, insurance, and related expenses which amount to around 0.5 percent of the import value may result in additional savings of \$50 million," he said.

Honesty

In addition, Nyoman Moena stated that the 32-year-old surveying company tapped several types benefits in its relationship with SGS [Societe Generale de Surveillance] after the issuing of Presidential Directive No 4, 1985. Most important is the development of human resources. PT Sucofindo gives many opportunities to its employees to raise the level of their education and experience through training both at home and abroad.

"We stress the importance of professionalism based on honesty which exists at SGS, which has been our partner in carrying out the inspection of import and export products," he said.

The honesty acquired is honesty without pressure or compulsion of any sort from SGS, which is famous worldwide.

In 1987 PT Sucofindo budgeted 500 million rupiahs for raising the technical quality and ability of its employees. In 1988 the budget has been raised 2 and 1/2 times to 1.2 billion rupiahs.

Nyoman Moena also replied to the criticism which has been directed at SGS. It seems much of this criticism is caused by misunderstandings which are sometimes published on purpose to criticize the system of Presidential Directive No 4, 1985 and to discredit SGS.

"In this matter, as an independent international inspection company, SGS follows a policy which is very open about its methods of operation. Whoever has a complaint can contact the SGS Liaison Office in Jakarta," Nyoman said.

If possible, the exporter is asked to give 7 days for SGS to carry out the inspection. But in practice, the inspection is often done in less than 7 days and in emergencies the inspection can sometimes be made in 24 hours.

13416/7310

PEOPLE'S REPUBLIC OF KAMPUCHEA

SRV 'Colonization' Debunked, KPRP Growth Viewed

42190002 Paris SUDESTASIE in French
No 50, 1987 pp 44-45

[Article by Martin Stuart-Fox]

[Text] Let us briefly examine the way Vietnamese-Cambodian relations seem to be evolving. Some wrong ideas must be eliminated. It should be noted, first of all, that the reasons which push Vietnam into being interested in Kampuchea are not primarily economic. Kampuchea offers Vietnam little opportunity to develop natural resources, except for its agricultural production. Kampuchea has few mineral resources, and its agricultural potential, even though considerable, could provide only a temporary respite for Vietnam's population and food supply problems. Those who insist that Kampuchea is in the process of becoming a Vietnamese colony do not base their argument primarily on economic exploitation but on an alleged Vietnamese administration or massive population transfer. The latter argument is less pertinent because henceforth Khmer administrators are taking the place of the Vietnamese. At first, the great shortage of skilled Cambodians made significant Vietnamese participation in the central and even the provincial administrations a necessity. But after 8 years this is much less noticeable.

It is very difficult to put a figure on Vietnamese settlement in Kampuchea. A few estimates provide the figure of at most 700,000—a figure quoted among others by Beijing. Other observers reduce it to 150,000, with most of them having lived in Kampuchea before but having fled at the time of the anti-Vietnamese pogroms in the years 1970 and 1975-78. It is said that the first figure is the result of a deliberate policy on the part of the Vietnamese and that the latter is due to the often illegal and uncontrollable movement of individuals who, by not returning to Kampuchea, escaped either political control or military service in South Vietnam.

Most of the evidence provided makes the balance lean in favor of the lower figure and of the latter explanation. The few Western scholars who speak the Khmer language and who have traveled a great deal in Kampuchea agree on the fact that an officially sponsored massive migration of Vietnamese to Kampuchea never took place. The colonization theory is in conflict with the official and active encouragement of the PRK and with the Vietnamese concept which advocates a rebirth of the Khmer culture and of Buddhism. Furthermore, it is clearly recognized—including by the Vietnamese themselves—that the massive presence of Vietnamese colonialists could sow the seeds of future tension between the two communities, quickly destroying what had been carefully built through goodwill. Even though Vietnam intends to implement the Laotian model of influence and absolute control in Kampuchea, it is not surprising

that the claims of colonization cannot be justified and that the Vietnamese are willing to grant the Khmers a large degree of freedom in the management of their own national affairs. If they stick to the Laotian model, Vietnam's political priorities in Kampuchea must adapt themselves both to the KPRP and the KPRAF. At first, it seemed as if the power of the KPRP would lean strongly in favor of the Khmer communist veterans who were trained in Vietnam for several years, but the dismissal in 1981 of Pen Sovan, secretary general of the party, and his replacement by Heng Samrin established a balance between the communists trained in Vietnam and the former Khmer Rouges who had opposed Pol Pot in 1978. It is a certainty that Pen Sovan's dismissal was engineered by Hanoi, primarily because of the former's reluctance to accept Vietnamese guidance. If years of training in Vietnam were not sufficient to make Pen Sovan obediently pro-Vietnamese, then one can imagine that it would be very difficult for the Vietnamese to model the KPRP after their own image.

There are signs which indicate that the Vietnamese have obtained various results in trying to shape the KPRP. On the one hand, the party membership has increased significantly. On the other hand, party loyalty as a whole seems fragile, especially in the long term. In 1981, party membership in the KPRP was estimated at approximately 600. The latest surveys have put the membership figure for the year 1986 as high as 10,000 with the possible addition of 50,000 cadres who are enrolled through party recruitment cells. This membership increase of more than 500 percent in 5 years has been costly, because it was accompanied by a drop in the influence of the pro-Vietnamese revolutionary veterans on whom Hanoi counted most. This seemed particularly obvious at the time when the changes of direction were presented to the 5th Party Congress in October 1985. In 1981, 11 out of 19 members of the Central Committee of the Party were Khmer revolutionary veterans trained in Hanoi. In the 1985 Committee they were reduced to 5 out of 31. The increased representation of people from "non-revolutionary" circles was also significant—from 0 out of 19 to 12 out of 31 members. There are plausible explanations for these developments; it is possible that either they need cadres who are better educated and have more expertise in matters of management, or more probably that the non-revolutionary and even middle class cadres are more readily accepted because of their strong hostility toward the Khmer Rouges and their determination not to allow a reappearance of Khmer Rouge influence. Under the current circumstances, such cadres have no other choice than to turn to the Vietnamese. But if the Kampuchea problem were to end up being solved through a process of international negotiation leading to elections and the acceptance of a return of the PRK to the family of nations, then one might expect that they would try to obtain the greatest possible independence, within the limits of the constraints imposed by the relationship between Vietnam and Kampuchea.

Stoeng Meanchey Blanket Plant, SRV Aid, Future Markets

42060030 *Vientiane PASASON in Lao* 22 Jan 88 p 3

[Report by Vilasin: "The Stoeng Meanchey Blanket Plant Makes Progress"]

[Excerpt] The Stoeng Meanchey blanket plant is one of many factories which has been brought back into production since 1 June 1979. It is divided into two sections: there is a section producing blankets and a section producing face towels. The No.217 cotton thread used in the factory comes from Kompong Cham Province and Battambang Province. The No.24 cotton thread comes from neighboring countries, especially Vietnam. During the first year of production only 3 out of 70 looms could be used because the genocidal regime of Pol Pot had killed many of the workers, especially skilled workers; only two skilled workers were left. Therefore the Ministry of Industry assigned the responsible committee the task of selecting sufficient new replacement workers. In 1979 they were able to produce 15,000 blankets and 9,900 small and large face towels. Since then they have been able to repair and put back in production a total of

30 looms. There are 2,350 workers. The difficulties now are that there is insufficient electricity to meet production demands, there is no equipment for drying and so they have to rely on nature and sunlight, and the machinery is obsolete and hand made. Nevertheless the workers were not discouraged and struggled to surmount these difficulties in order to achieve the goals of the plan for 1987, which called for 120,000 blankets and 60,000 face towels. In the period from 1 January until 31 October 1987 they had achieved 100 percent of the plan. This production was sent to the trade enterprise for distribution to the cadres, soldiers and people within the country.

In order to allow the factory to expand steadily, the administrative committee took care to train workers and specialists. In particular they sent a number of workers to study in fraternal socialist countries so that they could bring back lessons to use in their factory and increase production efficiency. Increased production is needed to meet domestic demand and provide exports in the future.

08149

'Talk' Blames Philippine Problems on U.S.

42060031g Vientiane PASASON in Lao 1 Dec 87 p 3

[Talk] by Hat Phannong: "The Situation in Philippines Remains Confused"]

[Text] Social tensions in the Philippines are progressively increasing. This has become a subject of concern not only for the Philippines but for the administration in Washington as well. There are many reasons for Washington to be concerned. According to U.S. mass media, many U.S. soldiers were killed recently at a military base in the Philippines. The U.S. Defense Department Pentagon immediately sent hundreds of military there. However, the causes of the confusion are quite complex. First of all, Washington is concerned about the future of the two U.S. military bases in the Philippines which are considered a major factor in Washington's policy toward Asia and the Pacific. At the same time, the incidents in the Philippines occurred as though they had been ordered and commanded by Washington, whose policy is to suppress patriotism. According to a source in the Philippines, the CIA was involved in establishing security alert units, which have now been set up in the Philippines. These security units use money from landowners and industrial capitalists. The Philippines government is now giving attention to social rights reforms. However, stability does not seem to exist anywhere. The government's political base is steadily shrinking while some military groups are expanding. The politicians in Washington see no better way to handle the situation than by throwing fuel onto the fire. Washington is used to doing this by sending troops and warships to the coast of other countries and by giving support to right wing forces and nondemocratic groups. Washington refuses to understand any problems faced by other nations. It never respects the sovereignty of other nations. The United States has acted to put pressure on the Philippines to do everything possible to have the U.S. military bases remain or expand in the Philippines.

09884/7310

Japanese Experts Receive Medals Ordered by Council of Ministers

42060031f Vientiane PASASON in Lao
11 Jan 88 pp 1, 4

[Text] On the morning of 8 January the Lao State Electrification Enterprise of Vientiane Capital held a ceremony to present medals of friendship pursuant to Council of Ministers Order No 136/LPDR to Japanese experts Mr Ko Nakajima from the Nipponkeo Company and Mr Yoshio Horii from the Meidensha Company, who have completed their work in helping to repair the electricity distribution section of the Lao State Electrification Enterprise on a big repair project involving six stations in Phon Tong, Tha Naleng, Sisaket, That Louang, Wat Tai and Sok Pa Louang. At the ceremony Mr Ki Thoummala, vice minister of Industry and Handicrafts, awarded the medals of friendship to the Japanese

experts before many high level cadres. Mr Teruo Kamihegashi, the Japanese ambassador, and Mr Hiroshima Nabe, first secretary of the Japanese Embassy in Laos, also attended the ceremony.

09884/7310

Bulgarian Delegation at Justice Ministry

42060031a Vientiane PASASON in Lao
14 Jan 88 pp 1, 4

[Text] A meeting was held between Lao Ministry of Justice delegations and the People's Republic of Bulgaria ministry delegation on 13 January in Vientiane Capital to report results from past years and to share experiences in justice work, laws and the constitution in order to work more effectively in the future. At this meeting the Lao delegation led by Mr Kou Souvannamethi, justice minister, and the Bulgarian side led by Mrs (Servedla Dasakavola), Bulgarian justice minister, discussed increased cooperation in justice work in the coming years. Mr Kou Souvannamethi reported that the Lao Justice Ministry and the People's Supreme Court have basically completed a draft of our constitution and election laws. The Lao Justice Ministry has drafted a number of legal principles for developing people's courts, the institution of public prosecutor, criminal laws, and a number of regulations on justice work which will be promulgated in the future.

09884/7310

GDR Youth Unit Expert on Aid Role

42060031b Vientiane PASASON in Lao 14 Jan 88 p 3

[Article by Niti Sayaseng: "They Came From the Land of Marx and Engels"]

[Excerpts] Comrade Gerhardt Vonik, chief of the GDR Friendship Unit in Pak Pasak Vocational School in Vientiane, had a friendly talk with me and gave me many details that showed the admirable spirit of proletarian internationalism, enthusiasm and good intentions for youth in a fraternal socialist country toward their friends in a newly liberated nation. Over the past work period of approximately 10 years it has depended on both sides deciding if exchanges of each group would take place with periods of 1 to 3 years. However, in certain cases this must be done quickly and many more people will be needed, for example to harvest produce in Ethiopia. Cooperation on the Pak Pasak Vocational School started in 1981 based on an agreement between two youth organizations. There are five basic work sections: developing a curriculum and lesson plans, upgrading teaching methods for German language teachers, and assisting youth union work within the school. The annual budget is approximately 100,000 marks, and there is a possibility of setting it up in some provinces in the future. They also work closely with the youth union center by representing the [GDR] Independent Youth Union Central Council. Every year they give a number of documents

and materials to the newspaper NOUM LAO, and in particular assistance in setting up and advising the Young Writers' Club. There are many ways in which the GDR Independent Youth Union has provided assistance to the Lao youth union. For example, each year they accept 25 Lao youth union cadres and youths for field trips, vacations and certain international movements.

09884/7310

Government Resolutions, Taxes, Private Sector Reviewed

42060032b Vientiane PASASON in Lao 18 Dec 87 p 1

[Unattributed report: "Savannakhet Province Ends The Meetings Providing Information About Additions To Seven Resolutions Of The Council Of Ministers"]

[Text] At the end of last week the administrative committee of Savannakhet Province ended the meetings which provided information about changes and additions to some sections of seven resolutions of the Council of Ministers and also provided information about the recommendations of the Finance Ministry.

The meetings were held in three locations: the first was held in the municipal area of the province, the second in Sepone District, and the third in Songkhon District. Each meeting lasted 2 days and included all those responsible for economic activities, banking, trade, and planning from the surrounding districts as well as the directors of the sales cooperatives in the various grass-roots production areas.

Through the meetings these representatives were made aware of the changes and additions to seven resolutions adopted by the Council of Ministers, namely: resolutions No. 17, 18, 19, 30, 31, 32, and 33. In addition they were also made aware of and will put into effect the recommendations of the Finance Ministry concerning carrying out policies for exploiting timber, for business taxes, and for income taxes. They will also put into effect the recommendations concerning policies for import and export taxes and the recommendations concerning registration of state enterprises, cooperative enterprises, joint state-private stock companies, and private enterprises. Everyone agreed with the correct policies of the party which apply all our strength to building the economy of the nation, including for example the principle state enterprises, the joint state-private stock companies, and individuals who represent the state. In addition they learned more about keeping records of business transactions which will provide details to the state for tax purposes.

08149

Editorial Views Role, Faults In Sales Co-ops

42060032d Vientiane PASASON in Lao
8 Dec 87 pp 1, 4

[Unattributed editorial: "Improving and Expanding the Network of Sales Cooperatives in Order To Gain Mastery in Markets in the Countryside"]

[Excerpt] In the past there have been many sales cooperatives which have made progress and conducted a profitable business. But there are many which have not done well because their understanding of their situation was not correct or thorough. In addition they lacked the necessary guidance and assistance from the departments at the leadership level. As a result the sales routes of these cooperatives were limited, the amount of production which was requisitioned was very small, and the retail sales were equally small. The difficulties the departments faced included a lack of capital, insufficient capital derived from membership shares to requisition all the production of the workers, and slack capital management. In addition the goods which were not sold deteriorated in quality, and the cadres of the sales cooperatives generally had not been trained and conducted business in an uneducated, uncultured manner. Some of them lacked political and ideological training and so lost interest and also pilfered. This caused losses and created doubts about cooperatives among the people. Many of the sales cooperatives operated at a loss and used up their capital. In many areas the people lacked salt and lamp oil, and they generally bought high priced consumer goods from private merchants.

These realities presented the party committees and administrations at all levels with an urgent task; they had to do something to improve the network of sales cooperatives so that it would become a sound economic and social organization for the people and workers and achieve real success at buying from the source and selling to the end-user with direct purchases and sales. In addition the organization would have to be changed accordingly; the method of service would have to be changed, the spirit of responsibility for the property of the cooperatives would have to be raised, and the method of operation would have to be changed to include economic accounting with unlimited profits. If cooperative trade is conducted with preferential subsidies, relying only on state trade, and does not work independently in purchasing and selling or in seeking capital, then the cooperatives involved will not work hard for state trade, and they will not only not expand but will fall apart and will not be able to serve the people.

In order to expand business and also function well as a representative for state trade in retail sales and requisitioning, the cooperatives must quickly expand the types of goods which they buy and sell on their own, they must expand production and the preparation of goods from raw materials at the local level to meet the needs of the workers. They must also work to mobilize much more of the capital of the people by providing interest and having

a reasonable policy concerning interest. They must work to expand the circulation of money quickly and must requisition and sell at retail a great deal in order to help transform the markets, resist the black markets, strengthen state trade, and work with state trade in siezing mastery of the markets in the countryside.

08149

Editorial Discusses Financial, Budget Planning
42060032c *Vientiane PASASON in Lao*
17 Dec 87 pp 1, 4

[Unattributed editorial: "Summarizing the Implementation of 1987 Financial Plans and Initiating the 1988 Financial Plans"]

[Text] In a short while 1987 will end and so in the short interval before 1988 arrives every department, ministry and committee as well as every province and city throughout the country must urgently summarize and evaluate the implementation of their 1987 plans for economic and social development and their 1987 financial plans correctly according to actual conditions. In addition departments and localities need to undertake these current requirements in order that financial plans and plans for economic and social development for 1988 may be initiated correctly and completely.

In practice in order to assure correctness and to keep in line with the new thinking, it is necessary that the ministries, the chairmen of state committees, and the chairmen of the administrative committees of the provinces and Vientiane City have complete mastery of leadership and guidance. It is most important that they rely on the actual conditions in their departments and localities; they must evaluate the progress toward primary goals and compare planning with financing from the grassroots on up by separating the administration of planning and financing, by changing to the new accountability system for economic administration, and by carrying out the seven resolutions of the Council of Ministers. They must start by bringing about the financial mastery of their enterprises and by separating the two administrative roles, namely the roles of planning and financing in the economic and business administration of each department and locality, so that they can analyze clearly the strengths and weaknesses and the causes.

In addition they must analyze their budgets completely and must know in detail the sources of income for their budgets, for example: budget funds come primarily from price differentials but also from encouraging production and borrowing from the bank. How can the income sources for the budget related to the strengths of their departments, localities, and grassroots be exploited in order to balance the budget at each level? In making investments can they research in detail and be certain that the investments are in keeping with policy lines and

with the economic and social structure? Will the investments encourage production and distribution and improve the standard of living? How much can they change investment policy to be in accord with the new economic direction, for example how much can be invested in production bases which are in accord with the policy of quick results, which will begin production quickly and can be concentrated [chutsoom]? Can they carry out the financial regulations, especially the new tax policy for encouraging production and distribution? Are their efforts coordinated?

On the basis of clear summaries and evaluations of the actual planning and financial situation for the past year, the heads of the departments subordinate to central authority and the chairmen of the provincial and district administrative committees must adopt policies, duties, and goals for economic and social plans which are coordinated with the financial plans for 1988. These plans are to include all levels from the grassroots on up and should be designed to carry out the five objectives adopted by the Fourth Party Congress; they should create various centralized enterprises, achieve quick results, and encourage a strong expansion in production so that the circulation of goods and currency can expand [thaloulong]. In addition the budget plans of the localities must be in balance with funds coming primarily from production but if not then from price differentials.

With this in mind each department and locality should study and carry out order No. 26 of the Council of Ministers concerning these activities promptly and correctly since only by summarizing and evaluating the plans for economic and social development and the financial plans for 1987 correctly can they arrive at the correct basis for initiating the financial plans for 1988. And only by initiating plans which are appropriate for actual conditions and the actual capabilities of each department and locality can they arrive at a basis for successfully carrying out the plans to develop the economy and society as well as the financial plans for 1988.

08149

Sayaboury Border Defense, Military Locations, Anti-Government Forces
42070114 *Bangkok LAK THAI in Thai*
18 Feb 88 pp 21-23

[Excerpts] A military news report states that Paklai has 12 large and small motorized ferries. These are important means of transporting men, vehicles, and goods across the Mekong River. Four of the ferries are capable of carrying tanks and artillery pieces. Today, Paklai is serving as a rear base. That is, those wounded in the fighting at Rom Klao are sent here. After Gen Chawalit Yongchaiyut said, "Do you want Thailand to move up to the Mekong River," Laos had to move the field hospital from Paklai to the other side of the river. There are indications that it will be moved elsewhere. This shows that Laos is worried about this. It is worried that

Thailand will invade Laos. Bo Ten has anti-aircraft defenses, and it has recommended that the people dig bunkers. The same is true in Paklai. The villagers have been told to dig bunkers, because they fear that Thai aircraft will attack military targets there, particularly the ferries, which facilitate logistics more than anything else.

The Operation To Step On Laos: Where To Step?

Laos has two headquarters, one at Na Kok and one at Bo Ten. These are the northern and southern zone headquarters respectively. It also has two smaller headquarters, the northern headquarters at Bo San and the southern headquarters at Nam Phiang. The Nam Phiang Headquarters is considered to be the forward headquarters nearest the front. It is about 3 km from Hill 1428. Several battalion headquarters are located between Bo San and Nam Phiang. These include the 406th, 411th, 409th, and 402d battalions. The 412th Battalion, a tank/infantry battalion, is based at Bo Ten, which is opposite Tha Li District in Loei Province. The Nam Phiang Headquarters confronts our headquarters at Ban Na Charoen in Na Hao District, Loei Province. The Vietnamese forces are mixed in among the Lao battalions. But most are concentrated at Bo Ten. These are soldiers attached to armored units. The 406th, 411th, 409th, and 402d battalions have artillery support. Most of the Cuban advisors are stationed at Bo Ten and Paklai. Military reports state that there are only about 28 Cuban advisors and about 700 Vietnamese troops. It is thought that Laos will use aircraft from Vientiane to carry on air operations. The ground control unit used to contact these aircraft is located at the Ban Nam Phiang Headquarters. They are using two vans equipped with communications equipment. Reports state that on 5 February, MiG-23 aircraft took off from the Vientiane airbase, flew to Bo Ten, passing over Tha Li District in Loei Province, and then returned to Vientiane. Thai F-5 A aircraft from Udon Thani followed them.

As for building security in that area, a military news source said that this is very important. This has broad significance. To secure the Huang Nga River area sufficiently, the combat front must be expanded in order to achieve a balance. The front must be expanded from Phu Miang to where the Huang Nga and Huang Rivers meet in Tha Li, which demarcates the border between Thailand and Laos.

In terms of "depth," to create real security, the military feels that we will have to invade Lao territory (which once belonged to Thailand). We will have to send forces into Sayaboury Province and seize the bases in Bo San and Nam Phiang. We will also have to seize control of Bo Ten, which is the logistics spearhead. This is a strategic target. As for sending forces all the way to Paklai at the edge of the Mekong River, that is another matter. "Strategically, if we really want to secure this area, we will have to do that. That is, our border must be out of artillery range. As our commander has said, if we do this, Laos will not be able to return to this area." This would

be a major operation against Laos. But it could not be considered to be an invasion of Laos. Rather, it would be hot pursuit. We will probably have to cross into Lao territory in order to create security and win a resolute victory.

White Lao Are Active

A report stated that Laos is having problems with the Lao national liberation movement, or White Lao, who are active in various places in Laos. They are waging a struggle against government and Vietnamese forces. They are presently very active. If the people rise up in support, the situation and administrative system in Laos could suddenly be turned "upside down."

There are White Lao forces in Sayaboury Province. In particular, Hmong forces of Gen Vang Pao are now carrying on operations in at least 18 places. And they may step up their activities in other places, too.

11943

PASASON Editorial Views Army Living Standards as Inadequate

42060031e Vientiane PASASON in Lao
11 Jan 88 pp 1, 4

[Editorial: "We Need To Pay Attention to Army Living Standards"]

[Excerpt] It is of the utmost importance that guidance and command cadres raise their responsibility toward the soldiers' standard of living. The truth is that although the higher echelons have guaranteed the nature of the policy and provided fairly adequate rates for soldiers, the living standard for soldiers will not be guaranteed if there is a lack of enthusiasm and responsibility for guidance and command in army units, and the occurrence of loss and damage. Our country is still poor and facing shortcomings, and there is not yet adequate provision for the policy and rates for soldiers. Thus, even greater responsibility by the guidance and command cadres at different levels is needed for army living standards, as these are dependent upon the responsibility, quality and capability of the guidance and command cadres in the units. The guidance and command cadres must adopt weekly, monthly and quarterly plans with the details of each aspect to be carried out and explicit goals and organizing techniques. Commanders must supervise and allocate cadres for following up and directly guiding and organizing the living standards of the soldiers, and they must be able to project their responsibility to the lower levels and to specialized task cadres. They must resolutely fight against every discouraging phenomenon exploiting status and power for greed, extravagance, the exploiting of a little food and materials here and there at soldiers' rates or illegal trade, and violations of the

regulations. They must make use of every correct technique and action that will overcome discouragement and avoid anything that will be harmful to the soldiers' standard of living.

09884/7310

1987 Luang Prabang Electricity Production, 1988 Targets

42060032a *Vientiane PASASON in Lao* 8 Jan 88 p 3

[Report by Khaikao Khammani: "The Electric Company Of Luang Prabang Province After Converting To Business Accountability"]

[Excerpt] The Electric Company was one of many companies in Luang Prabang Province which changed to the new accountability system in the initial stage. It initiated the change on 20 September 1986.

The Electric Company's conduct of socialist business accountability has achieved the following results: production in 1987 was 3,600,000 kilowatt hours, which was 5.26 percent greater than 1986 and 19.1 percent greater than 1985. Distribution in 1987 amounted to 2,260,000 kilowatt hours. The average production per person in 1987 was 48,000 kilowatt hours. The average production in 1986 was 7.8 percent greater than in 1985, and in 1987 it was 11.55 percent greater than in 1985. In 1985 the price was 1.38 [kip] per kilowatt hour, in 1986 it was 8.42 per kilowatt hour, and in 1987 it was 11.52 per kilowatt hour. The price in 1986 was 510.14 percent greater than in 1985, and the price in 1987 was 734.78 percent greater than in 1985. In 1985 121,408 kip were supplied for the budget, in 1986 4,944,877 kip were supplied for the budget, and in the first 6 months of 1987 4,827,498 kip were supplied for the budget.

The company now has 74 cadres and workers. Of these 67 are in direct production, and 7 are in indirect production. Eight are middle level, 43 are low level, and 23 are state employees. They are struggling to conduct the new economic accountability system more effectively than in the past and have adopted a production target of 4,000,000 kilowatt hours and a distribution target of 3,950,000 kilowatt hours for 1988. Their gross income target is 20,999,802 kip, and they are targeted to provide 8,858,489 kip for the budget. They will also carry out additional activities so that the business accountability system at the Electric Company of Luang Prabang Province will be increasingly more efficient.

08149

Vientiane Province Trade Plans, Private Sector Role

42060031c *Vientiane PASASON in Lao*
12 Jan 88, pp 1, 4

[Article: "Vientiane Will Increase the Purchase of Goods From the People to 2.11 Billion Kip"]

[Text] According to the 1988 year plan Vientiane Province will improve and broaden its trade network in order to increase trade between the state and the people and to become more efficient in goods circulation. This will boost the total purchases from the people to 2.11 billion kip by expanding markets and stores such as in Ban Lingsan in Phon Hong District, Ban Dong and Ban Chiang in Kasi District, and Ban Gnan in Met District. This is to make things convenient and effective for purchasing and sales between the state and the people, especially the purchasing of agricultural and forest products. Last year there were 16 stores and 36 trade co-ops throughout the province. The province has also used retail merchants in the private sector as sales representatives for the state by giving them 5 percent of the value of the goods they distribute. There are now 27 store agents throughout the province which have been seriously involved in the circulation of goods in the province, resulting in an increase in the value of the goods in circulation to as much as 990 million kip, and the goods reach consumers throughout the area. At the same time the total value of purchases last year was more than 900 million kip, including basic goods such as paddy rice, salt, domestic animals, rattan and cardamon. As a result there has been an improvement in the standard of living for the people in the province.

09884/7310

Phong Saly District Security, Economic Development

42060031d *Vientiane PASASON in Lao* 12 Jan 88 p 2

[Article by Thanongsak Vongsakda: "Khwa District, a Road/Junction for the Northern Region"]

[Excerpts] Khwa is one of six districts in Phong Saly Province. Because of its good location for communications, this was where the Phong Saly Provincial Office was located until 1985. Concerning national defense and security, the people in Khwa District have sent hundreds of their beloved children as military draftees and have set up a guerrilla network in each village and canton, resulting in peace throughout Phong Saly Province. In terms of economic development they have expanded 110 hectares of area under cultivation and have reduced shifting cultivation to 724 hectares.

09884/7310

UMNO Johor Seeks To Collect Contributions for Palestinian Fund

42130079b Kuala Lumpur *BERITA HARIAN* in Malay 23 Jan 88 p 1

[Text] Johor Baharu, Friday [22 January]—The state UMNO [United Malays National Organization] Liaison Body hopes to be able to collect more than \$100,000 [Malaysian dollars] from UMNO members and the people of this state to be contributed to the Palestinian People's Fund.

Datuk Mohamed Rahmat, deputy president for liaison of the state UMNO, said this money is being collected, and everyone is being asked to contribute in accordance with his means.

He said the state UMNO expects the UMNO division and the Youth and Women's Movements to make similar collections in their respective areas.

"Every contribution is a symbol of brotherhood and shared responsibility of the Muslims to avenge the Palestinian people who are suffering," he said.

Datuk Mohamed Rahmat, who also is the minister of information, said the honor of Muslims is being besmirched by the terrorizing measures taken by the inhumanitarian Tel Aviv regime.

In supporting the launching of that fund, he said Muslims in this country should not remain silent when they see what is happening to their brothers in the country involved.

"They must aid the Palestinian people's struggle to liberate their homeland from the clutches of the Jews," he said.

Datuk Mohamed said the Tel Aviv regime's brutality toward the Palestinian people is a disaster that is striking Muslims today, and we must fight against it immediately to restore their honor.

6804/9274

DAP Secretary-General Lim Kit Siang Resigns

42130079a Kuala Lumpur *UTUSAN MALAYSIA* in Malay 22 Jan 88 p 1

[Text] Petaling Jaya, 21 January—Lim Kit Siang, detained under the Internal Security Act, today resigned from his position as DAP [Democratic Action Party] secretary general after having led that party for the past 19 years.

Dr Chan Man Hin, the DAP national president, made this announcement here. He received Lim's resignation letter from Lim's lawyer last night. However, the DAP Central Committee has not yet received his resignation.

The committee will hold a meeting in the near future to discuss this issue, including the appointment of a new secretary general. This position is now held by Mr Lee Lam Thye, the party deputy secretary general, who is in Paris attending a conference.

The DAP Central Committee will also discuss six other positions held by senior members of the party, including the implications of the Organization Act for those who are being detained under the ISA.

Those detained are Karpal Singh, DAP deputy president, Dr Tan Seng Giaw, vice president, P. Patto, DAP deputy secretary general, Law Dak Kee, a member of the central committee, V. David, vice president of the Selangor DAP, and Lim Guan Eng, secretary of the committee working on the 1990 Project.

In his statement, Dr Chan drew attention to the fact that DAP members were shocked by their leader's resignation, which he submitted under Section 9A(1)(C) of the Organization Act.

Among other things, that section states that "a person can be dismissed from being or becoming or continuing as a member of a committee, an advisor or a worker of a registered organization if orders for detention, restraint, control, exile, deportation, or banishment from a state are in effect for the individual under any law relating to the security or civil order of Malaysia.

"Or any one of these or for criminal, preventive detention, exile from a region, banishment from a state, or immigration control."

Lim, age 47, is being held in the Kemunting Preventive Detention Center. In his letter to the DAP president, Lim, among other things, said that the position of secretary general in which he had served up to the present time, was both an honor and a challenge.

He also said he leaves these words for the DAP, "My body may be imprisoned but my dreams and spirit cannot be imprisoned."

This is the second time Lim has decided to resign. He had threatened to do it at the end of 1981.

He did this after certain parties, especially Mr Chan Teck Chan, a former member of the DAP, reportedly tried to besmirch and weaken his authority as the party's secretary general during the DAP crisis that was being stirred up that year.

However, his request was denied by the DAP Central Superior Committee. Lim also had been detained under the ISA for 18 months from September 1969 to 1 October 1970. While he was under detention, he was appointed DAP secretary general, a position he has held up to the present time.

That DAP leader was appointed leader of the opposition in Parliament in 1973 and from 1975 up to this year. He was a member of Parliament representing Tanjung and a member of the state assembly representing Kampung Kolam, Pinang Island.

Lim also founded the DAP in March 1966 and wrote for the magazine, ROKET. He became a member of Parliament for the first time in 1969 representing Bandar Melaka.

He also became a member of Parliament representing Petaling and a member of the state assembly representing Kubu in 1978, a member of Parliament representing Melaka City in 1982 but was defeated as a candidate representing Bandar Hilir in the regional election for the state assembly. He has been a member of Parliament representing Tanjung and a member of the state assembly representing Kampung Kolam since the last national election.

6804/9274

Ghaffar Baba: Strong Defense Necessary

42130079c Kuala Lumpur *BERITA HARIAN* in Malay 23 Jan 88 p 2

[Text] Merlimau, Friday [22 January]—Mr Ghaffar Baba, deputy prime minister, said today that the national defense system must be strong to keep Malaysia from being attacked and defeated by foreign countries.

"If our country is attacked by foreigners, as the Portuguese attacked Melaka in 1511, I do not see anyone who would help us.

"We have already seen how a small country can be attacked by a big country, as Israel has attacked Lebanon, without anyone caring about it," he said when speaking to residents of Batu Gajah Village here after Friday prayers at the village mosque today.

Therefore, he said, the country must have a strong defense so that it is not colonized again.

Mr Ghaffar said this country's defense is modest but not weak because much money was expended to develop rural areas to fulfill the people's desires.

"Notwithstanding, however, we have a heavy responsibility with regard to national defense," he said.

Therefore, he hoped the people would understand if there was a delay in the government's fulfillment of the people's wishes.

"The government is not deaf or dumb nor are the people's representatives doing nothing. Actually the government should use that money for other matters of like importance," he said.

He also asked the people not to start spending money extravagantly now that the prices of commodities such as rubber, oil, and palm oil are rising and not to ask the government for all sorts of things when the country must economize.

6804/9274

Plan To Upgrade Armed Forces Efficiency Announced

42000269h Kuala Lumpur *NEW STRAITS TIMES* in English 6 Feb 88 p 3

[Text] Kuala Lumpur, Fri.—The Government is studying a plan to mobilise public resources to upgrade efficiency in the armed forces and cut defence spending, Defence Minister Tengku Ahmad Rithauddeen said today.

He said the defence of the nation was not the responsibility of the armed forces alone but that of the people too.

"Modern warfare involves the whole country and the life of the people. We must all therefore be responsible for the security of our country," he said when opening the Ministry's new building, Wisma Pertahanan in Jalan Padang Tembak here.

Tengku Rithauddeen said the proposed plan would help instil in the people this sense of awareness and responsibility in the defence of the country.

He later told reporters that the plan would not sacrifice the effectiveness of the armed forces.

He said no one should be naive of the threat of war, adding that "we should be prepared in times of war as well as in times of peace."

In his speech, he called on the people to always be united and strong against any threat from "our enemies within and outside."

He hoped the Ministry's staff would practice the concept of Mindef Incorporated along the lines of Malaysia Incorporated to ensure the smooth implementation of defence programmes.

Agreements

Tengku Rithauddeen said the country's defence system should be constantly upgraded in line with modern technology so that the people could continue to enjoy the fruits of development.

He said the country's capable and credible defence system had contributed to national development and economic progress.

Tengku Rithauddeen said it was the Government's desire to co-operate with its neighbours in defence matters in the interest of national stability.

He said it was with this realisation that the Government fostered defence co-operation such as the five-nation defence arrangement and border agreements with Indonesia and Thailand.

He also paid tribute to the Ministry's outgoing Secretary-General Tan Sri Mohamed Yusof Abdul Rahman.

He said Tan Sri Yusof, who will be retiring sometime this month, has served in the Government for 30 years, 10 of which in the Ministry.

The 20-storey Wisma Pertahanan cost \$144 million.

08309

Large Gold Deposits Discovered

42000269a Kuala Lumpur NEW STRAITS TIMES in English 6 Feb 88 p 2

[Article by Farush Khan]

[Text] Ipoh: Large gold deposits, which can help boost the country's flagging mining industry, have been found in Kuala Lumpur in Pahang.

The deposits were discovered among copper antimony sulphide by a local mineralogist last month. This was revealed by Dr Cheang Kok Keong, chairman of the Mineral Resources Engineering Programme of Universiti Sains Malaysia's Perak campus here.

He said steps were being taken to mine the deposits.

"The authorities are exploring new techniques to process gold found in the sulphide," he added.

Dr Cheang said this was the first time gold deposits were found among copper antimony sulphide or tetrahedrite in the country.

Tetrahedrite has also been discovered in Air Hitam, Johore, and in Tambun near here, but it did not contain gold deposits.

Alluvial and primary gold has in the past been found in several parts of the country, especially Pahang, Kelantan, Negri Sembilan, Johore, Sabah and Sarawak.

At a course on the processing of gold and other precious metals at the campus here recently, Dr Cheang said Malaysia should capitalise on the current high price of gold by undertaking rapid exploration, extraction and processing.

In a paper on Major Types of Primary Gold Deposits in Malaysia, Dr Cheang had said the earth's crust is estimated to contain only about 3.5 parts per billion of gold.

The uncertainty of supply in gold-producing regions, the increasing use of gold in the electronics industry, recent trends in producing commemorative gold coins in several countries and increased purchase by individuals have forced the price of gold up tremendously.

With the weakening of the US dollar, a further rise is predicted.

"The large number of small gold mines which have sprung up all over the country attests to the need for quick dissemination of knowledge and rapid technological development on gold deposits," Dr Cheang said.

There is also greater need for a multi-disciplinary approach and integrated studies to identify potentially large primary gold deposits.

Dr Cheang said porphyry copper or porphyry molybdenum deposits have been known to contain a substantial amount of gold and silver as by-products of mining.

Younger Age

"In fact, with today's price of gold, this precious metal has become a product of major significance," he said.

Although the earlier known porphyry copper deposits were confined to the western part of America, the southwestern Pacific region is now recognisable as an important region of the metal's occurrence at a younger age.

A good example, he said, is the porphyry copper deposit at the Mamut Copper mine in Sabah, which is between five and 10 million years old.

Many of the volcanic terrains in Malaysia, especially those in the central belt, should also be systematically studied for possible gold deposits, Dr Cheang said.

08309

Antibases Lawyer Elected Angeles Vice-Mayor, Profiled

42000271b *Quezon City WE FORUM in English*
5-11 Feb 88 p 8

[Text] Angeles City—Not a few raised their brows when lawyer Edgardo Pamintuan teamed up with mayoral aspirant Tony Abad Santos of PDP Laban for the January 18 local polls in Angeles City.

For one who had figured prominently in rallies and other protest actions against the retention of the United States military bases here, winning the elections in a city economically dependent on Clark Air Base seemed impossible. But Ed did win, and convincingly, getting a wide margin over his closest opponent.

Ed and Abad Santos' victory also put an end to the long years of political supremacy of the Nepomucenos in Angeles City.

But it was rough going all the way for Ed Pamintuan during the campaign. Tabloids in Metro Manila accused him of being a "leftist" candidate supported by the underground movement. His opponent in Angeles tried to exploit his anti-bases stance in scaring those whose livelihood depended on Clark. Despite these, however, a straw ballot conducted among Filipino workers at Clark gave him the vote of confidence he needed.

Ed Pamintuan had been involved in the anti-dictatorship movement during the Marcos period. His time had been spent in courtrooms defending students blacklisted from their schools because they led boycotts of classes, farmers who had been harassed and imprisoned, workers who had joined picketlines, and even those arrested by the military as NPA suspects. Ed was able to defend them all and to win their cases.

The most famous of his cases and perhaps the one that gave him the "red" label was that of Rodolfo Salas or "commander Bilog", alleged CPP-NPA top man. Pamintuan was one of the personal lawyers of Bilog who is also from Angeles City.

Ed is a past president of the Movement of Young Advocates of Pampanga (MAYAP), twice a member of the Board of Trustees of MABINI, and one of the founding members of MAKATAO (Manananggol para sa Karapatan ng Tao-Gitnang Luzon), an aggrupation of human rights lawyers in Central Luzon.

He took his law studies mostly at the University of Sto. Tomas in Manila then moved to San Beda College and completed the course in San Sebastian College. He took the bar examinations in 1979 and passed the same year.

As the new vice-mayor of Angeles City, will his stand on the bases change? How does he look at the forthcoming renegotiations in March?

"The presence of the US bases here remains an infringement of Philippine sovereignty," says Ed. Many people in the city, according to Ed, do not fully understand the implications of the US bases' presence beyond the immediate economic gains of the individual.

On the forthcoming renegotiations, Ed maintains that what should be made clear is whether the bases will be dismantled or retained and whether this decision shall be arrived at through a referendum or executive decision. "The least we can do," says Ed, is to "prepare the timetable and the various alternative economic programs for the people of Angeles."

This last item is very clear in the platform of government presented by Ed and his party to the electorate. Specifically, they proposed "the adoption of an alternative plan to make Angeles City an agroindustrial complex and a trading zone like Hong Kong and the site of an international airport."

Minus the issue on the bases, Ed's platform also outlined an economic program that would establish farmers', workers' and other sectorial cooperatives to service capital build-up, consumer planning, marketing and credit facilities.

One lesson Ed gained from the campaign came when he wooed the votes of the more than 5,000 hospitality girls in the city. The only question asked him, he said, was if he won, would the girls lose their jobs?

The simplest answer he could give them, according to Ed, was a rundown of all the offenses committed against Filipinos by American servicemen, including those inflicted on Filipino hospitality girls. Ed has handled dozens of cases of abuses on Filipinos by US servicemen. Before he left the room, the girls were in tears, says Ed.

/9738

Dodong Nemenzo Comments on Differences With Communists

42070101 *Bangkok KHAO PHISIT in Thai*
9-15 Dec 87 pp 48-51

[Interview with Dr Dodong Nemenzo, the dean of the Faculty of Political Science, University of the Philippines, and the leader of the Philippine Social Democrat Group, in Manila on 30 November 1987: "The Future of the Philippines and the Civil War"]

[Text] The following interview is based on a conversation with Dr Francisco Dodong Nemenzo, the dean of the Faculty of Political Science, University of the Philippines, and the leader of the Philippine Social Democrat Group. He has played a political role in the Philippine Congress and been involved with social democracy groups in the Philippines. The aim of this interview is to show the views of the "democratic" groups in the Philippines and learn about Philippine socialist theory and

the political situation in the Philippines. The situation and changes that have occurred in the Philippines are of great interest to the ASEAN countries because this could have economic and political effects on other countries in this region and affect the position of the American military bases in the Philippines. KHAO PHISSET had a chance to talk with Professor Dodong at a location in the heart of Manila on 30 November 1987.

[Question] First of all, I have learned that the social democratic movement, which you head, uses a brown and orange colored flag. I have been told that the brown symbolizes the Philippines. The orange, which is not red (communist), symbolizes development with its own special characteristics. If this is true, I would like to ask you what you, as an "orange," think about the new developments in the communist (red) countries, such as the four modernizations in China and glasnost and perestroika in the Soviet Union.

[Answer] What you were told is true. But first of all, I would like to say that the social democratic movement arose during the Marcos period. There was an underground struggle against Marcos. I was a member of and served as the secretary general of a pro-Soviet Marxist group. But in the struggle against the dictator Marcos, a large number of groups, including Christian groups, joined forces with each other. That is, Christians and Marxists joined forces with each other. As a result of this cooperation, the Marxist ideology of the Social Democratic Group in the Philippines is different from that of other such groups elsewhere. We have our own line. That is, we subscribe to a line that is in accord with Philippine society. During that period, we distributed documents giving our ideas on the situation and providing guidance concerning various movements. Those documents were sometimes a mixture of Christian and Marxist ideas. This can be seen by looking at those documents.

I would like to point out that our ideological line, which is different from that of the Soviet Union and China, was formulated before the people's revolution, or before the popular uprising to topple Marcos in April 1985. We had learned that the error in the Soviet and Chinese socialist systems was that the leaders in the communist party were like "bosses of the people" instead of supporters or coordinators, or those who radiate power to the people's forces in the revolution. The communist party has created a "party vanguard." After the revolution succeeded, this vanguard turned into a new elite class, with the people serving as their "tools." This is the same as in Communist Party of the Philippines (CPP) today. I saw what was happening and split away from this type of struggle. In my view, in a good socialist system, the people must have a share of the power, too. This is what is wrong with the Soviet and Chinese systems. That is, they have created a gap between the leaders and activists and the people. Thus, they can't really radiate the power of the people's forces. This is what is different from our movement. Our aim is to expand the role of the people's forces and open up democracy in establishing our organizations.

Talking about the next step of China and the Soviet Union with respect to the four modernizations in China and glasnost in the Soviet Union, I want to say that I am very happy that China and the Soviet Union have realized their mistakes. However, what concerns me is that both the four modernizations and glasnost were implemented from above. That is, this is democracy ordered by the party leaders. It's only natural that initiatives from the top will benefit those at the top. But we have begun from below. And we began even before Gorbachev began talking about glasnost. We opened our group to democracy a long time ago. The things that we do refer to democracy. But I think that Gorbachev is really concerned only about efficiency, not democracy.

[Question] You have stressed the importance of democracy in socialist groups. My question is, What are your criteria or means of determining whether the vanguard or leadership in your movement is open to all the people? What guarantee do you have that the leaders in your movement won't use their power to block democracy in the movement?

[Answer] I have constantly thought about opening up democracy in the organization. I thought about this even before Gorbachev began talking about this. During the period that I was in the communist party, I was accused of being an anarchist. But that's not important. As for your question about criteria, I can't give you a concrete explanation. But the most important thing in forming such an organization as this is to develop or create a new awareness in the movement's leaders. The people in the organization must be trained in this way. At the same time, an effort must be made to develop the capabilities of the people at lower levels, or lower-echelon members. They must be given a chance to develop their talents and play a greater role in checking things. They must balance those at the top. It is well known that we have constantly opened up opportunities for people at lower echelons and encouraged them to make decisions. We laid a foundation for democracy in our group at the very beginning. We have fostered unity among people at all levels in the organization.

[Question] If you open democracy at all levels at the present time, isn't that risky given the present political crisis in the Philippines? Isn't there a danger of the enemy infiltrating your organization and stirring up trouble in such a democratic environment?

[Answer] I don't think that there will be any problems. I don't think that this poses any danger. This is also in accord with the nature of Philippine society. The people in our group hold a great variety of opinions. We don't block people from expressing their views. We give people a chance to express their opinions in order to find the best line. The most important thing is that it is this variety that makes it difficult for the enemy to suppress or destroy us. A single movement or idea is an easy target to destroy. But I agree that there is some danger of infiltration and that opening up democracy makes it

easier for people to stir up trouble. But even so, we don't think that this will affect our movement. Those who want to infiltrate us may "lose their way" and join with us. (laughs)

In the Philippines, organizations that do not have diversity are usually very weak. Thus, it may seem that the diversity in our organization leaves us open to infiltration. But at the same time, we are not a stationary target. This diversity makes it difficult to destroy us.

[Question] If the military stages a coup, it will definitely try to suppress your organization. How prepared are you? If that happens, will it be necessary to change your organization in order to deal with this?

[Answer] First of all, I would like to say that a military coup is a distinct possibility. But the Philippine military is not very efficient. Looking at the power of the various military factions, my guess is that most Philippine soldiers would remain on the sidelines and then side with the winner. Aquino does not have the support of military forces. Her only real supporters are a few conservative military officers. Gringo (Col Gregorio Honasan, the leader of the February mutiny), commanded a small group of combat soldiers who staged a coup. The system for controlling the Philippine military is very strange. There is a sergeant who controls up to 30 percent of the military forces. He actually controls colonels and others who hold a higher rank. During the February mutiny, most of the soldiers vacillated for a long time before deciding whether to side with Gringo or Ramos and Aquino. Actually, the February mutiny almost succeeded. It did not fail because Gringo lacked troops. Rather, Ramos (Gen Fidel Ramos, the Philippine supreme commander), who did not have any forces, made effective use of the mistakes made by Gringo.

That coup attempt failed because of the mistakes made by Gringo, not because of the strength of Aquino and Ramos. Ramos controlled only 5 percent of the military forces. The reason why Ramos beat Gringo was that only 1 percent of Gringo's forces were combat forces. Approximately 90 percent of the forces remained neutral and did not support either side. That is why the coup attempt failed. The same was true during the period in which Marcos was toppled. Most of the troops remained neutral. That gave one group of soldiers a chance to destroy the power of the other group. But the interesting thing is that I don't think that many of those troops who remained neutral like Aquino. The reason why they did not support the coup is that many people supported Mrs Aquino. The people's forces have caused those troops that do not like Aquino to remain neutral every time there has been a coup attempt. As for Ramos, I have heard that he has told people close to him that it would be easy to carry out a coup but difficult to govern the country. It's not that the Philippine military can't topple

Aquino. What they are afraid of is their inability to govern the country. The majority of the people have no wish to be governed by the military. I am sure that Aquino understands this.

Cory's strategy in putting down coups seems to be to get the 90 percent of the troops who are vacillating to remain neutral. We feel that there is a strong possibility that the military will stage another coup attempt in the near future. That could lead to a civil war. Gringo's mutiny last February seemed as if it was going to succeed. We had made preparations for this. Experience has taught us that we have about 7 days in which to make changes in the organization. After the mutiny broke out, we immediately held meetings and made preparations to close the university. If suppression operations are launched, we are prepared to carry on underground operations.

[Question] Given the present situation, aren't the forces of the Communist Party of the Philippines [CPP], particularly the NPA (people's army of the communist party), stronger than the government military forces, which have come to a standstill and split into various factions?

[Answer] I don't think that the CPP is efficient enough to seize administrative power even though the situation is like this. I once served as the general secretary of the communist party during the period that it was pro-Soviet. The communist party has made mistakes in administering things. The result is that they are not strong enough to take over. They have made both strategic and tactical mistakes. For example, they once thought that it would be impossible to topple Marcos during the presidential election. And they evaluated Aquino's role incorrectly. Contrary to what news reports have stated, the communist forces in the rural areas have not grown. I think that they may even have declined in strength. In particular, many democratic forces have rejected their role and ideological line and joined the democratic movement in the Philippines instead. Why is there so much talk abroad about the role of the CPP? The reason is that the United States and CIA are playing a major role in making people think that the communists are expanding. Why? The U.S. administration wants people to think that the CPP is growing so that it can ask Congress for more aid money for the Philippines.

During the Marcos period, it was estimated that the NPA had approximately 18,600 armed forces in the Philippines. But now, it is known that the NPA's forces have declined greatly. At most, they have no more than 16,000 troops. That is a high estimate. But Pentagon and CIA documents estimate that the NPA has up to 23,000 troops. The NPA sometimes puts out propaganda to the effect that its armed forces have increased in number, citing these Pentagon documents. The United States has to inflate the strength of the CPP in order to protect its military bases in the Philippines. The United States is

very concerned about this. The United States has to allow Aquino to play a role even though it knows that she once signed a petition opposing the U.S. bases in the Philippines.

[Question] I have another question about the role of the CPP. Recently, I heard that senior Philippine security officials released reports stating that a ship transporting Chinese weapons was seized in Philippine territorial waters. Can you tell me about this? The CPP has put out stories saying that a "foreign government" is supporting them. Is there any truth to this?

[Answer] As for this ship, I think that this was a mistake by Soriyano (secretary general of the Philippine Security Command). There was no need for him to talk like that. The Philippines has relations with almost every socialist country, the exception being North Korea. China has denied any involvement in this. As for the Soviet Union, as someone who has had experience with the Soviet Union, I can say that the Soviet Union is inefficient in carrying on such activities. Soviet policy is very confusing. The Soviet Union is not prone to helping anyone. The Soviet system is sluggish and slow to change. This is still true during the Gorbachev era. I don't think that the Soviet Union has changed its policy toward the Philippines. And it would be difficult for them to provide aid to the CPP.

Thus, the United States has made the NPA appear stronger than it actually is. The United States wants turmoil. It wants people to split into various groups. The splits and turmoil benefit the United States in maintaining influence in the Philippines.

[Question] What is the present status of the U.S. bases in the Philippines?

[Answer] As I said earlier, the United States is very worried, because Aquino was one of those who once signed a petition opposing the presence of the U.S. military bases. And its concern is growing, because the Philippines' new constitution, which was promulgated after Aquino came to power, contains provisions that could have a great impact on the American bases. For example, the constitution promulgated in February 1987 says that the Philippines is to be a nuclear-free zone. That is clearly aimed at the American nuclear-armed warships at Subic Bay. Another article discusses the base lease agreement, which will expire in 1991. The law states that after the agreement expires, it can be renewed only on the approval of two-thirds of the Philippine Congress. And this must be approved by two-thirds of the U.S. Congress. Of the 24 members of the congressional subcommittee who will vote on whether or not to renew the agreement, 11 have indicated that they are opposed to renewing the agreement. I am one of these people. But today, there are only 10 left, because one, Raul Manglapus, has left to become minister of foreign affairs. It takes 18 votes to renew the agreement, which means that only 6 could oppose this. But today, 10

people have indicated that they are opposed to renewing the agreement. Only five favor renewing the agreement. The others are still undecided. And if this congressional committee can't decide, the constitution stipulates that there must be a plebiscite in order to have the committee arrive at a decision. The decision will be legally binding only when approved by two-thirds of both the Philippine and U.S. congresses. This will pose a great problem for the United States in 1991 even though the U.S. ambassador to the Philippines is trying to make people believe that 60 percent of the Philippine people favor keeping the bases in the Philippines.

[Question] I don't understand the role of Raul Manglapus, the Philippine minister of foreign affairs. First, wasn't he the founder of the anti-Marcos movement (Free Philippines) in the United States? Second, why did Manglapus have to tour ASEAN in order to obtain the views of ASEAN leaders about these bases?

[Answer] Regarding your first question, Manglapus did establish the Free Philippines Movement in the United States in order to oppose Marcos. But he never received any help from the United States. He established his movement with money donated by anti-Marcos Filipinos living in Europe and the United States. Manglapus does not agree with the United States on the issue of the military bases. As for his visit to ASEAN countries to discuss this matter, this is just one of his techniques. Because with the exception of Singapore, none of the ASEAN countries would dare say that they want military bases in a region where the goal is to build a nuclear-free zone of peace. Your country (Thailand) has not taken a clear position. Indonesia's relations with Vietnam are improving. Even Malaysia and New Zealand have taken a very clear position on the nuclear-free zone issue.

[Question] What is your view on this issue?

[Answer] The military bases must be removed immediately.

[Question] The issue of American military bases is not a problem just for the Philippines. This is a major issue that concerns military power in the Asia-Pacific region. Isn't some "foreign government" or some "anti-American element abroad" trying to help those groups and movements that oppose the presence of American military bases in the Philippines?

[Answer] I can't give you a clear answer. As I said earlier, the Soviet Union is rather sluggish when it comes to foreign policy. Its attitude has not changed. It's impossible to evaluate the role of foreign governments. But for us, this concerns the independence of the Philippines.

[Question] In that case, what do you think about the proposal that Gorbachev made at Vladivostok about a nuclear-free zone of peace in Asia and the Pacific?

[Answer] I agree with him fully, if he withdraws the Soviet bases at Cam Ranh Bay and Danang.

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Pro-KMU Paper Belies Government Optimism on Quiet Labor Sector

42000271a Quezon City WE FORUM in English
5-11 Feb 88 p 3

[Article by L.M. Fernandez]

[Text] After failing to put down three successful Welgang Bayan in 1987 and succeeding, afterward, in quelling labor unrest through sheer use of force in late October, government appears to have returned to a state of complacency, ignoring once more serious warnings by workers that they will undertake "economically crippling actions."

This complacency may stem from the last quarter (of 1987) projections that prospects of a "wider industrial peace" in 1988 could spark higher economic growth, which in turn could lead to more benefits for workers.

This sweeping, simplistic analysis, however, fails to take into account the disastrous effects on both employers and workers of government's economic programs such as import liberalization, privatization, and the very controversial value-added tax (VAT) system.

With both business and labor raising an uproar against VAT, and government announcing a no-retreat stand on the matter, the seeds of unrest have increased this early, and from recent rumblings in the workers' sector, it is obvious that the powderkeg has to be defused.

Source of Optimism

Government's optimism of a quiet labor sector apparently stems from projection that the local economy is—as Aurelio Periquet of the Philippine Chamber of Commerce and Industry puts it—on the "growth track", and a five percent growth or even higher is foreseen.

Statistics being cited at the Department of Labor and Employment show that after the major policy speech of President Aquino on October 20—a speech criticized for its sharp anti-labor tone—"only 26 strikes were declared from October 21 to December 10, or a 97 percent reduction from the preceding 50-day period of 53 strikes."

The Interco Press, for instance, said in a dispatch: "Labor Secretary Franklin Drillon also disclosed that the strike rate has gone down for the better in November when only 18 strikes were called. Drillon predicted that the labor situation will further improve and stabilize in 1988."

Such "signs of tranquillity," however, are misleading and ominous. What this rose-colored presentation seems to be saying is that the labor sector is "quiet" because government succeeded in using its muscle against them. It is no secret that Mrs. Aquino's speech was used by overzealous police and military authorities—with the prodding of big business—to clobber workers, dismantle picket lines and scatter strikers even without clearance from the labor department.

The crackdown was apparently meant to appease businessmen, who had complained against "crippling" strikes, including general work paralyzation during the successful series of Welgang Bayan in July and August.

The most successful one in August 26, two days before the August 28 coup attempt led by Col. Gregorio Honasan, was so pervasive, in fact, that it triggered the arrest of prominent labor leaders and activists, and even medical workers who helped wounded rallyists.

Pundits later said that the right-wing extremists had been bold enough to mount the August 28 coup by exploiting the aftereffects of the August 26 strike.

Yet the muscle shown by militant workers and supportive cause-oriented groups was finally met with far stronger force after President Aquino's meeting with businessmen on October 20.

The Interco Press said in its report: "Even the militant Kilusang Mayo Uno (KMU), through its chairman, Crispin Beltran, admitted that it suffered an organizational setback last year because of the Aquino administration's apparent resolve to crush the left-leaning union."

The KMU chairman was also quoted as admitting that the militant union's organizational strength may have weakened by an estimated 25 percent due to government's "covert and overt operations" against the labor movement.

In truth, the Aquino administration resorted to painting the unrest as a communist-inspired scenario to justify the hard-line action that it took.

Drillon repeatedly warned "certain militant labor unions" for exploiting workers' grievances to carry out ideological work.

After taking the blows and admitting the setbacks, however, militant labor groups are now once more raising their fists at government and warning of "crippling action" if government continues to believe it can, through force, ram through its tough labor and economic policies.

One major rallying point is the VAT, against which the KMU and allied groups launched an information drive recently.

"The VAT system should be totally scrapped to stop sharp and unreasonable increases in the prices of goods and services orchestrated by unscrupulous businessmen; and an act of suspension will only bring about more chances of hoarding goods, triggering higher prices due to limited supplies in the market," a KMU statement early this week said.

Two other causes for alarm among workers are: a perceived rise in "militarization" against labor; and government's failure to resolve labor disputes promptly and justly, thus causing them to worsen into full-blown strikes.

The KMU, for instance, cites reports from Bacolod City that members of the city-based Small Farmers Association in Negros (SFAN), along with a member of the National Federation of Sugar Workers-Food and General Trades (NFSW-FGT), were abducted by a policeman and paramilitary men.

A report received by the KMU office in Manila said that a white car opened fire at the frontage of the NFSW office in Bacolod at 11:45 Saturday night, damaging windows although no fatalities were reported.

The strafing caused panic among the people residing near the NFSW office. The armed attackers then proceeded to National Federation of Labor Union (NA-FLU) office, another affiliate federation of the KMU, and fired into the air. NFSW General Secretary Serge Cherniguin said harassments early this year are intended to dampen the growing militancy among the labor ranks and sabotage the ongoing picket and camp-outs being staged by the workers at various headquarters and PC detachments in Negros. The workers are demanding an end to militarization in the city and countryside, pullout of military detachments and indemnification and payment of damages to the victims of militarization and human rights violations.

The labor center cited as an example of government bungling, meanwhile, the case of the Cebu Plaza Hotel where, it is alleged, unionists belonging to the Cebu Plaza Hotel Employees Union (CPHEU) have, for six months now, been "unduly paying for the long-drawn contest of interests with the hotel's new management, the foreign-owned Pathfinder."

KMU quoted CPHEU claims that the trouble started when the hotel was sold to Pathfinder by the Development Bank of the Philippines and the Philippine Tourism Authority as trustees, through the government's Asset Privatization Trust (APT). The CPHEU has since been protesting the "disastrous consequence" of the hotel's turnover to a new management, including the loss of jobs to 592 unionists.

The CPHEU's efforts to draw attention to the issues met with even greater obstacles in the form of intervention by local officials, the KMU claimed. It also deplored the alleged deployment of anti-communist groups alongside with police and military men in dispersing the pickets.

KMU secretary general Roberto Ortaliz described the Cebu Plaza controversy as "indicative of a graver polarization in the labor sector as a result both of government's mishandling of labor problems and its precarious economic policies and programs catering to foreign interest."

The KMU official lambasted government's privatization program which, he said, gives away the economy to foreign investors, thus stunting the Filipino entrepreneurial class.

In contrast to the workers' renewed warnings and obvious restiveness, meanwhile, government appears to be taking its own sweet time, content with the temporary and false sense of peace that its muscle-showing has bought for it.

Now that local elections—touted as the last step to restoring democracy and setting the country back on the path to recovery—are over, people are able to view the situation more objectively, and feel the pinch from government's short-sighted economic policies.

There will be no big circuses until 1992, except of course, those that will be cooked up as part of the raging campaign to keep the American bases here. On the whole, people are bound to feel the effects of poverty more keenly, and the result, as labor warns, may not be easy for a government that has mastered the art of self-delusion.

/9738

Military, Vigilante Intimidation Linked to Negros 'Ultrarightist' Election Wins

42000271c Quezon City WE FORUM in English
5-11 Feb 88 p 12

[Text] Bacolod City—The candidates of ultrarightwing groups here won in several areas where the military deployed units, including paramilitary troops and vigilantes.

The areas where the ultrarightists won are strategic areas in terms of counterinsurgency operations.

These are the towns of Murcia, Don Salvador Benedicto, Sagay and La Carlota city.

The ultrarightwing candidates who won in these key areas are allegedly either former Marcos loyalists and KBL men, or partisans of the total war policy of the Aquino administration.

There were several military and paramilitary units in Sagay town, though there were less in the others. But it was apparently enough to discourage the supporters of other candidates from coming out to vote.

In Sagay town, where Alfredo Maranon ran against former OIC-Mayor Victor Puey, the military deployed a V-150 armored car, and virtually allowed the paramilitary PC Forward Command (PCFC) free rein in the town.

Second District Congressman Manuel Puey, brother of mayoral candidate Victor Puey, said the paramilitary troopers were swarming all over town. They were also in the remote mountain barangays (villages) of Sagay, firing guns in the air, encircling villages and generally just making their presence felt in the villages where Puey was strongest.

The mayoral aspirant, who was once the president of Kahirup, an organization of landowners which showed off its members' wealth in an annual grand ball in Manila until several years ago, incurred the ire of the military for his supposed closeness to the town's poor.

He paid heavily for it during the elections. In a press conference in Bacolod city, his brother Congressman Puey said it was impossible to hold the line against the systematic and synchronized moves taken by military and paramilitary troops to intimidate their followers.

Puey ran under the banner of the Liberal Party while Maranon was able to bounce back from oblivion by negotiating with President Aquino's political advisers, including her relatives, to run under the PDP Laban banner.

/9738

Columnist Views USSR Interests, Sitthi as 'Tool' of U.S.

42070115b Bangkok LAK THAI in Thai 3 Dec 87 p 58

[Speak Thai column by Rattana Yawapraphat: "Big Chiu Goes to Moscow"]

[Excerpts] Just a few weeks before Big Chiu traveled to the Soviet Union in his capacity as Thailand's military leader, he made some remarks about the war in Cambodia that differed substantially from what Thailand's Ministry of Foreign Affairs has been saying. That is, the ministry has said that the Cambodia war was caused by Vietnam's invasion of Cambodia. Big Chiu, on the other hand, said that the war in Cambodia is a civil war. His remarks, which seem to be in conflict with the ministry's view, have generated much criticism. Officials have said that people have misconstrued things. Actually, what Big Chiu said does not differ from what the Ministry of Foreign Affairs has said. Big Chiu just stressed certain facts.

The Cambodia problem has long been a major problem for Thailand. This is because Thailand has taken over the burden from the United States and China without considering the fact that Thailand is itself weak. The United States has to preserve Cambodia, because it is afraid that if Cambodia remains a communist country, this will greatly weaken the strategic position of the United States in Southeast Asia and South Asia. China has to maintain its hold on Cambodia, because it is a supporter of both Pol Pot and Prince Sihanouk. It can't let Cambodia fall to the Vietnamese.

From the very beginning, the Ministry of Foreign Affairs under Sitthi Sawetsila has acted like a slave of the United States and China. Sitthi's visit to the Soviet Union did not achieve anything. Thus, the Ministry of Defense had to hurry and send this important officer, who is a master of psychology, on a peace mission before it became too late.

We know that what bothers the Soviet Union is that Thailand has allowed the United States to establish a reserve weapons stockpile here. What concerns the world is that the Soviet Union has established a military base at Cam Ranh Bay in Vietnam. But the Soviet Union says that it has never established military bases abroad like those of the United States in Japan and the Philippines. It claims that it needs ports for refueling Soviet ships that are on patrol in international waters.

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MP Supatra Comments on Copyright Law

42070104d Bangkok MATICHON in Thai 6 Jan 88 p 3

[Unattributed report: "Draft Copyright Act Still a Problem for the Subcommittee; Subcommittee Asks for Time To Debate Good and Bad Points"]

[Excerpt] The Draft Copyright Act is still a problem. The subcommittee has asked for time to consider the act in order to gain a better understanding.

On the morning of 5 January at parliament, the subcommittee held an extraordinary meeting in order to consider the Draft Copyright Act. After the meeting, Mrs Supatra Matsadit, the spokeswoman for the subcommittee, stated that Mr Sombun Sanghiamwong, the ambassador assigned to the Ministry of Foreign Affairs, had been invited to attend the meeting. During the deliberations, the subcommittee decided that before considering the draft act itself, it was first necessary to understand something else that concerns this draft act, that is, the Treaty of Amity between Thailand and the United States as this applies to copyrights based on the Berne Convention.

Mrs Supatra said that after considering this carefully, it was felt that based on Article 162, Paragraph 2, of the constitution, any treaty concerning changing the boundaries or sovereignty of the nation must be ratified by parliament. But the 1966 treaty that Thailand signed with the United States was never ratified by parliament. Thus, in order to avoid the question of whether revising this act in order to have it conform to the treaty is in accord with the constitution, the subcommittee has asked the representative of the Ministry of Foreign Affairs to study this matter again in order to see whether the wording of this draft act should be changed, with the principles remaining unchanged.

"The subcommittee will meet again on 19 January in order to consider Thailand's copyright system and the advantages and disadvantages of revising this act. This concerns international trade."

In conclusion, Mrs Supatra said that it will not take too long to consider this act. The important thing is to make the people understand why it is necessary to revise this act and protect U.S. copyrights. This will take more time.

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Opinion Leaders Seek Conciliation With Laos Over Border

Call for Better, More Considerate Diplomacy

42070102 Bangkok SIAM RAT in Thai
6 Jan 88 pp 8, 14

[Views column by Nephphadon: "Foreign Affairs and What We Want Now"]

[Excerpts] For those in foreign affairs circles, it's good to hear that Air Chief Marshal Sitthi Sawetsila finished reading the international law textbook written by Minister Arun Phanuphong is just several days.

It seems that the Ministry of Foreign Affairs is well aware of things. We have funds to counter propaganda, or public relations funds. This year, the minister of foreign affairs received several tens of millions of baht

for this. We hope that these funds will be spent profitably. We hope that they aren't simply distributed among the directors-general or people who work for senior people as some have been saying for several years.

If our foreign affairs minister wonders why Lao diplomats are acting in such a provocative manner, he should spend about 30 minutes a day reading the articles written by Eastern diplomats, who are now implementing a very provocative policy throughout the world, too. He can't let himself be tricked and then pretend to be angry. Because the people will think that we have made the wrong moves.

What does Laos want from Thailand in view of the fact that we are fraternal countries and come from the same stock? The first thing that Laos wants is to be treated as an equal. Laos feels that it is a small country and that it is at a disadvantage geographically, that is, it is a small landlocked country. For this reason, Laos wants the world and Thailand to be sympathetic. Thailand has protested to the United Nations on many occasions. How can we deny Laos the same right?

The duty of the foreign affairs minister is to make the people of the world understand that Thailand is not evil as Laos has charged. If the minister does not want to do this personally, he can order someone else to do this in order to make people understand. If our foreign affairs minister is tired of trying to make people understand or tired of talking about the copyright problem and Laos' charges that we have violated Lao sovereignty, reading large numbers of textbooks on diplomacy won't help very much.

Laos is also concerned about economic matters. Thailand has given much help to Laos. We have purchased electrical power from Laos and allowed Laos to use our ports to transport goods. But Laos is complaining that things are inconvenient and that they have been exploited in transporting goods. To what extent have we accommodated Laos? Have we given more thought to preserving security than to allowing Laos to obtain goods freely? Instead of selling goods to Vietnam ourselves, we have allowed Singapore to sell Thai goods to Vietnam. This is because we are afraid that Vietnam will obtain strategic goods.

If we had shown some sympathy for Laos from the very beginning, traded with them directly, and helped them develop their country, they would be more impressed and considerate. I am not asking them to formulate their diplomatic policy in accord with what we want. Laos is not Thailand, and Lao diplomats are not Thai diplomats. A fact that must be recognized is that Lao diplomats are not subordinate to the Thai Ministry of Foreign Affairs, particularly during the age of Air Chief Marshal Sitthi Sawetsila, who began reading a textbook on diplomacy during his 8th year in office and who finished reading it in just a few days.

The question is, How gentle and patient is the man whom Gen Prem appointed foreign affairs minister? In carrying out his job, does he listen only to a few people close to him?

We must maintain good relations with other countries and do things carefully. Otherwise, we will lose friends. We don't want to separate brothers or make mistakes in the foreign affairs field. Those who work for us in this sphere should be sincere. They should not be overly aggressive.

Imbroglio Over Lao Envoy, 'Dean' Position *Bangkok DAILY NEWS in Thai 12 Jan 88 p 3*

[Finger Tip column by Kamhaeng Phritanon: "Politics Leads Diplomacy"]

[Excerpts] Thailand and Laos are engaged in a dispute over who owns a border region. There have been clashes, and both sides have suffered casualties. It will be difficult for others to solve this problem. The two sides involved must negotiate with each other and be sincere toward each other.

It would be best if this problem did not exist. But that does not mean that we should give in to them on everything. In solving this problem, the important thing is to implement a clever foreign policy. It may be necessary to take a tough position occasionally. But at other times, it is necessary to take a more relaxed position. With respect to this problem, we need to think about whether we are going to have diplomacy lead politics or politics lead diplomacy.

We should use political methods to solve this problem. And using politics to solve the problem is not the duty just of the Ministry of Foreign Affairs. Many other sectors must help, too.

Thailand and Laos also have another problem. The Singaporean ambassador was removed from his position, with the result that the position of "diplomatic dean" is vacant. According to past procedures, the ambassador with the greatest seniority is given this position. But there have been rumors that the Thai Ministry of Foreign Affairs does not want this position to go to the Lao ambassador, who is the most senior person. The reason given is that the "diplomatic dean" must be able to work together well with the host country.

There have also been reports that because Laos is a socialist country, this may displease the ambassadors from nonsocialist countries, who outnumber those from socialist countries.

This is a clear example of the fact that we have not allowed politics to lead diplomacy. There have just been reports about this. The situation will just grow worse.

After all, the Thai responsible once criticized the Lao ambassador, saying that he lacked proper etiquette. The time has come to review things and take a new approach.

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Business, Political Sides of Vietnam Trade Debated

Foreign Ministry, NSC Views

42070103 Bangkok NAE0 NA in Thai
6 Jan 88 pp 7, 14

[Unattributed report: "Business Circles Confused by Government's Policy; Officials Are Divided on Engaging in Trade With Vietnam"]

[Text] A news source in the Ministry of Foreign Affairs told NAE0 NA that the government has only a political policy toward Vietnam. It has not formulated a clear trade policy.

Today, the officials concerned, both in the Ministry of Foreign Affairs and the National Security Council [NSC], are quite concerned about the reports that many businessmen are traveling to Vietnam to discuss trade and investment ventures. Some are already engaged in joint ventures with Vietnam. For example, they have invested money to raise shrimp and engage in joint fishing operations. Others are investing money to raise orchids. The officials concerned, particularly those in the Ministry of Foreign Affairs, are considering formulating a trade policy toward Vietnam in order to provide a framework for determining what activities businessmen should be allowed to engage in with Vietnam. It is felt that this must be controlled.

Actually, a broad line has been formulated, and this has been discussed with the NSC. It has been proposed that we separate trade from politics and allow Thai businessmen to engage in trade with Vietnam just like businessmen in other countries. But they should not be given a free hand. Limits must be set so that this does not affect the government's political policy.

"Even though this line takes the middle path, the NSC has rejected it. What bothers the officials in the Ministry of Foreign Affairs is that the NSC officials have refused to clarify their position on this issue," said the news source.

The news source also said that on 9 October 1987, Mr Wichan Sirichai-ekkawat, the president of the International Waters Fishing Association, sent a letter to Air Chief Marshal [ACM] Sitthi Sawetsila, the minister of foreign affairs, asking what the policy is on Thai fishermen engaging in joint fishing operations with Vietnam. After receiving this letter, ACM Sitthi turned the matter over to the officials concerned and asked them to respond to the letter. After considering the matter, the officials concerned decided that Thai fishermen can

engage in joint fishing activities with Vietnam, but they must not help Vietnam build a production base. For example, they must not build fish processing plants or frozen fish production plants. But they can help build freezers for the temporary storage of fish.

Initially, a reply was drafted based on the line proposed by the officials concerned. But just before the letter was sent, it was held back. To date, no reply has been sent to the president of the International Waters Fishing Association.

"It was probably the minister who held back the letter. But I don't know why this was done. As for the president of this association, he is a very bold person. He has signed a fishing agreement with Vietnam even though the government's policy on this is not yet clear."

At present, the major problem in formulating a trade policy toward Vietnam is that there is a rather wide divergence of opinion on this within the government, both within the Ministry of Foreign Affairs and between the Ministry of Foreign Affairs and the NSC.

The NSC takes the old line. That is, it feels that security must come first and is afraid of Vietnamese political interference. Also, it feels that establishing trade relations with Vietnam will enable Vietnam to use this opening as a means of launching a political offensive against Thailand.

The Ministry of Foreign Affairs is divided into two groups. The first feels that Thailand should establish trade relations with Vietnam. But there must be limits to ensure that this does not have any political effects. They do not think that the trade embargo has put much pressure on Vietnam with respect to the Cambodia problem. The major Free-World countries, including the United States, Japan, Sweden, and Singapore, have not cooperated with Thailand on this. If Thailand continues to implement such a tough policy, Thailand will not gain any tangible benefits. Instead, the other Free-World countries will profit handsomely from trading with Vietnam.

The other group, the conservatives, regard Vietnam as Thailand's permanent enemy. They feel that we must continue to put political and economic pressure on Vietnam even if the other countries do not cooperate as much as they should.

However, the conservatives in the Ministry of Foreign Affairs agree that businessmen should be allowed to engage in business activities with Vietnam as long as this is limited to buying and selling goods. But they should not be allowed to invest money there or engage in joint investment activities. In particular, joint fishing activities should be strictly prohibited. They believe that Vietnam wants to use Thai fishermen as tools to launch a political offensive against Thailand.

"From what I can determine, it seems that the conservatives in the Ministry of Foreign Affairs have the louder voice. The minister has constantly taken a tough line toward Vietnam."

The news source said that businessmen think that Vietnam can become an important trade and investment market. In view of the fact that the government does not have a clear policy on this, it is thought that businessmen will get around the policy by carrying on business activities with Vietnam through Singapore. They have set up companies in Singapore, which they are using as their representatives in conducting business with Vietnam.

Investors Profiled

Bangkok NAEO NA in Thai 6 Jan 88 p 13

[Unattributed report: "Business of Helping Thai Engage in Business Activities With Vietnam Is Thriving"]

[Text] A survey conducted by NAEO NA found that there are now at least six groups that are serving as agents in taking Thai businessmen to hold trade and investment talks with Vietnam.

The first group is the group of Phiraphon Triyakasem, a former student leader. The second group is the group of Wong Phonnikon, the former deputy minister of foreign affairs. The third group is the group of Gen Chuthai Saengthawip, the former inspector general. The fourth is the group of Pracha Khunakasem, the former director-general of the ASEAN Department, Ministry of Foreign Affairs. The fifth is the group of Bunsin Chaturapruek, a senior bureaucrat in Bangkok Metropolitan. The final group is that of a former Belgian ambassador to Vietnam who is now trying to making a living in Thailand. He has established an advisory company here.

But of these six groups, not more than four can actually establish "connections" with Vietnamese officials and take Thai businessmen to Vietnam to hold trade and investment talks. The other two groups, that is, the groups of Pracha and Bunsin, are engaged in very few activities.

As for the group of the former Belgian ambassador to Vietnam, to date, he has had only one success. He has coordinated things to have the Aqua Gold Group invest in rearing black kula shrimp in Vietnam. But the Aqua Gold Group is still studying the project.

Mr Phiraphon's group has had the greatest success. It took members of the Siricha Fishing Group to sign an investment agreement with the Sea Products Company of the Vietnamese government in order to carry on fishing activities in the southern waters of Vietnam. Besides this, it is quite likely that it will succeed in coordinating things to enable a group of orchid merchants led by Kasem Bunchu, a well-known orchid specialist, to negotiate a joint investment project with

Vietnam. This would involve raising orchids for export. The Thai orchid merchants have already reached an initial agreement with Vietnam.

The Thai orchid merchants want Vietnam to serve as the middleman in selling Thai orchids to the Eurocom countries before the joint investment project gets underway or just after it gets underway in order to help create a market for the products of this joint investment project and to earn revenues to support this project.

The Phiraphon group has also taken a group of Thai jewelry merchants to look for ways to purchase gemstones from Vietnam.

Besides serving as agents in taking Thai businessmen to engage in trade and investment activities in Vietnam, the Phiraphon group has also served as Vietnam's representative in taking people on tours of Vietnam from Thailand. It has arranged both pleasure and business tours.

The Wong group is another interesting group. It arranged for a group of Thai businessmen, including Gen Kriangsak Chamanan and Mr Op Wasurat, to visit Vietnam, where they signed an agreement in principle on investing jointly with the Vietnamese government's Immexko Company in raising black kula shrimp. The initial agreement states that a pilot shrimp farm will be built in Minh Hai Province south of Ho Chi Minh City.

A survey conducted by NAEO NA found that shrimp farm operations got underway about 4-5 months ago. At present, they have not yet finished preparing the site. The Wong group has hired Somkiet Chirachaimongkhon, or Hia Kui, the owner of a shrimp farm in Mahachai, Samut Sakhon, to serve as a technical advisor to this joint investment project. He will serve in Vietnam for 5 years.

The Wong group is also trying to coordinate an exchange of goods between Thailand and Vietnam, such as exchanging Thai rice and gunny bags for Vietnamese jute.

Those who are working as middlemen in coordinating business ventures with Vietnam include people whom Vietnam has asked to serve as its representative and people who have asked to serve as Vietnam's representative. It can be said that Vietnam's agent system has achieved excellent results. As a result of this, businessmen have become very interested in trading with and carrying on joint investment activities with Vietnam.

Business Risks, Benefits

Bangkok NAEO NA in Thai 6 Jan 88 pp 13, 8

[Article by Subdistrict Chief Daeng Thawatchai: "Revise the Policy on Trade With Vietnam; Private Sector and Government Are Still Moving in Different Directions"]

[Excerpts] It can be said that never before have Thai businessmen been so interested in engaging in trade and investment activities in Vietnam.

The main obstacle that is preventing Thai from trading with Vietnam is "international politics." Even though the Thai government has not prohibited trade with Vietnam, its policy of "rejecting" Vietnam almost totally has made Thai businessmen fearful of trading with Vietnam. They are afraid that people will view them as "overstepping the bounds." And they are not sure about Vietnam's policy.

But today, many Thai businessmen are traveling to Vietnam to study the possibility of engaging in trade and investment activities there. There are two main reasons for this. First, Vietnam is clearly showing signs of wanting to open up the country. It has promulgated an investment law, which is modeled on investment laws in the Free-World countries, in order to assure foreign businessmen that they can carry on operations just like they do elsewhere. For example, assets will not be seized by the state, and commitments will be honored based on the contracts. Second, Vietnam has appointed a former ambassador, a former military officer, and a former student leader, who have ties to Thai military and political circles, as its representatives and pointed out ways for Thai businessmen to trade and invest in Vietnam.

Appointing representatives has achieved excellent results. Many Thai businessmen have traveled to Vietnam. They believe that the representatives who have taken them have "connections" with people in the governments of both Vietnam and Thailand and so they don't think that there will be any problems.

But most still have certain concerns and fears. What they fear the most is the Thai government's lack of a clear policy. That is, they don't know how much they will be allowed to do in Vietnam.

The two boldest groups are the group of Wong Phonnikon, the former deputy minister of foreign affairs. This group has signed an agreement in principle with Vietnam to invest in a shrimp rearing farm. The other group is that of Wichai Sirichai-ekkawat, the president of the International Waters Fishing Association. This group has signed an agreement in principle with Vietnam to invest in a joint fishing venture.

What is clear is that after reports about businessmen flying to Vietnam appeared, there was an immediate reaction by people in government circles. Some supported this, and others opposed it. But it seems that the objections were louder. Should Thailand establish trade relations with Vietnam, and if so, to what degree? This is the question that is being debated within government circles and by government officials and businessmen.

Businessmen feel that even though the war in Vietnam ended many years ago, it has not yet recovered from the wounds of war. Economic recovery has been very slow. The main problem is that Vietnam has kept the country closed for many years. Only during the past few years has

it begun thinking about opening up the country. In addition, the Soviet Union does not have sufficient capabilities to help revive Vietnam's economy. Moreover, the Soviet Union has never helped a satellite to the point where it could stand on its own feet.

Today, Vietnamese leaders can no longer use war to arouse the people and make them forget the economy. The failure to revive the economy has generated more and more internal pressure.

Businessmen feel that because of these problems, Vietnam's new group of leaders are exerting pressure to change the country's policy in order to revive the economy, even if this means using the methods of the Free-World countries. Sometimes, this must be done. And the first thing that must be done is to open up the country.

The fact that key figures in the new group such as Nguyen Van Linh and Nguyen Co Thach have been appointed to senior positions in the party and government indicates that the ideas of the new group are beginning to gain greater acceptance. In the view of Thai businessmen, the fact that Vietnam has revised its international political policy and taken a softer position by announcing that it will withdraw its forces from Cambodia by 1990 is an indication that Vietnam is opening up the country in order to revive the country.

Businessmen feel that the success of the new leaders in promulgating an investment law in order to provide guarantees to foreign businessmen represents another victory for the new group. Today, many Free-World countries are quietly establishing ties with Vietnam. Some hope to profit on the trade front while others hope to gain political benefits. Some countries hope to gain both.

It's true that ASEAN is still a much more important trade and investment market than Indochina. But many Free-World countries, particularly Japan, do not see any reason to abandon Indochina. They feel that this should be kept as a market in the future after ASEAN has become saturated or if unexpected problems arise.

Economically, Thailand should take this opportunity to profit just like Malaysia, Singapore, and Japan, which are making large profits from Vietnam. Thailand's policy should clearly distinguish between economic and political matters. Politics should not lead economics too much, which is what is happening today. Separating economics from politics will benefit us in the long term. This is the same as establishing indirect links with Vietnam. If Thailand's other hand refuses to play the game and establish links with Vietnam, when Vietnam finally withdraws its forces from Cambodia, Thailand will be a stranger to Vietnam. Vietnam will become a trade and investment market for other countries, with Thailand left on the sidelines.

Businessmen realize that engaging in trade with and investing in Vietnam is full of risks even though Vietnam has promulgated an investment law to provide guarantees to foreign businessmen. The risks stem from Vietnam's lack of experience in opening the country and contacting foreign businessmen. Vietnamese officials, many of whom have farming, military, and academic backgrounds, do not really understand the policy concerning opening up the country. They may not treat the foreign businessmen properly.

Those who want to do business with Vietnam must be very careful. They must know how to play the game with Vietnam. This is the same as when they started to do business in China just after China opened the country. That is, the trick is to carry on business activities in a straightforward manner. Whenever things are not done straightforwardly, problems will arise immediately. Vietnamese officials are similar to officials in other socialist countries. That is, they are afraid of losing their position and having to work as a laborer or of being sent to prison. If any irregularities are discovered, they will take every step possible to protect themselves.

People in government circles feel that Vietnam is experiencing problems in coordinating the views of people from the north with those of people from the south. They also think that Vietnam is experiencing great economic problems caused by Vietnam's failure to manage the economy properly, corruption, and the trade embargo imposed by many countries.

The new Vietnamese leaders led by Nguyen Van Linh are trying to reform the economic management system and make greater use of capitalist methods in an effort to develop the country using a market system. They are trying to eliminate the bureaucratic apparatus that is blocking national development using a market system. They are expanding their trade markets in countries outside the socialist bloc.

Today, many countries, particularly the United States and Japan, believe that Nguyen Van Linh will be the key figure in controlling Vietnam's political apparatus with respect to both economic and foreign affairs. They think that he will exert pressure to move Vietnam in a new direction. Thus, they are trying to establish contact with Vietnam in the hope of benefiting on both the trade and political fronts.

But people in government circles do not think that Nguyen Van Linh will be able to do very much. They view him as the coordinator for three different factions and do not think that he has a strong enough political base to control Vietnam's political apparatus. It will take him a long time to put Vietnam on a new course.

Until Vietnam withdraws its forces from Cambodia, the Thai government must continue to put as much pressure on Vietnam as it can on all fronts even if it does not receive as much cooperation from other countries as it

should. As for those Thai businessmen who want to engage in trade with Vietnam, the Thai government should allow them to carry on business activities only. They should not be allowed to engage in any type of development activities. The Thai government should make it clear that businessmen can buy and sell goods only. They cannot extend trade credits or transfer technology to Vietnam. Otherwise, this will affect the political policy implemented by the Thai government.

In short, businessmen and people in government circles continue to hold opposing views about revising our trade policy toward Vietnam.

The Top Ten Goods Exported by Thailand to Vietnam (millions of baht)

1. Raw sugar: 1986, 53.41 2. Imported items that are exported: 1984, 0.02; 1985, 0.11; 1986, 8.33 3. Monopoly goods: 1984, 2.20; 1985, 0.40; 1986, 2.61 4. "Shirting" and "canilric" cloth: 1986, 2.00 5. Other types of cloth: 1986, 1.37 6. Tubing and iron pipe: 1986, 0.78 7. Prepared foods: 1986, 0.56 8. Metal furniture: 1984, 0.70; 1986, 0.42 9. Sheet rubber presses: 1986, 0.40 10. Cloth woven with synthetic thread: 1985, 1.31; 1986, 0.27

Note: The value of prepared food exports in 1984 and 1985 was 4.268 and 1.149 baht respectively.

The Top Five Goods Imported by Thailand From Vietnam (millions of baht)

1. Steel plates: 1986, 15.61 2. Coal: 1984, 6.07; 1985, 8.04; 1986, 10.54 3. Fresh shrimp: 1984, 1.37; 1985, 1.31; 1986, 8.88 4. Raw cowhide: 1985, 0.46; 1986, 3.50 5. Raw buffalo hide: 1986, 2.97

Note: The value of all imports for 1984, 1985, and 1986 was 15.17, 16.0, and 45.29 million baht respectively. Statistics on Trade Between Thailand and Vietnam (millions of baht)

Exports to Vietnam during the years 1980-1987: 254.1, 9.5, 15.5, 20.8, 197.8, 8.8, 73.7, and 36.7 respectively.

Imports from Vietnam during the years 1980-1987: 21.9, 8.5, 19.2, 9.4, 15.2, 16.0, 45.3, and 45.5 respectively.

Balance of trade during the years 1980-1987: 232.2 1.0, -3.7, 11.4, 182.6, -7.2, 28.4, and -8.8 respectively.

Statistics on Trade Between Singapore and Vietnam (millions of baht)

Exports to Vietnam during the years 1980-1984: 1,323, 1,944, 945, 1,215, and 1,917 respectively.

Imports from Vietnam during the years 1980-1984: 486, 351, 567, 891, and 1,323 respectively.

Balance of trade during the years 1980-1984: 837, 1,593, 378, 324, and 594 respectively.

Note: No data were available on trade between Singapore and Vietnam for the period 1985-1987. The figures on Thai-Vietnamese trade for 1987 are for the first 9 months only.

Columnist: Isolation of SRV Unsuccessful

Bangkok *BAN MUANG* in Thai 11 Jan 88 p 5

[Ta Mo Lo column: "Joint Thai-Vietnamese Fishing Ventures"]

[Excerpts] Vietnam has put out bait to interest Thai fishermen in carrying on joint fishing activities with Vietnam. The House Foreign Affairs Subcommittee considered this and invited a representative from the Ministry of Foreign Affairs to come give his opinion on this. The representative from the Ministry of Foreign Affairs pointed out that private individuals have the right to carry on business activities abroad.

The private individuals who attended the subcommittee meeting were satisfied with the explanation or attitude of the Ministry of Foreign Affairs. Unless other problems arise, it is thought that Thai fishermen will sign an agreement with Vietnam. However, the representative from the Ministry of Foreign Affairs did point out that "before the national bank grants approval, it will try to determine whether that country presents any risk. And the government feels that Vietnam presents a great risk."

Concerning Thai fishermen and Vietnam, the government should review its policy in order to relax the tension and boost the morale of our fishermen. The attitude of the Ministry of Foreign Affairs is too cool. There has to be at least one state unit that knows how many Thai fishing boats are fishing in Vietnamese waters in accord with the agreement and that has other statistics and records so that those concerned can discuss things when problems arise.

As for applying economic pressure in order to solve the Cambodian problem, I don't think that this will achieve anything. All this will do is cause irritation, like a mosquito. We should apply pressure selectively. We should not use this with fishing activities, because we are the ones who stand to gain. We should maintain our interests. And sometimes, economic ties can make it easier for people to understand each other. At least the Thai government won't have to spend money to ransom Thai fishermen or pay for their return flight home, which costs several million baht each time. That money just helps Vietnam without our getting anything in return.

As far as fishing is concerned, there is no other choice. The fishing boats can't sit idle. The boats have expenses every day, and they have to pay interest to the banks. The lives of more than a million sailors, refrigeration

workers, workers in canning plants, and export laborers depend on fishing activities. Engaging in joint fishing activities with Vietnam is better than nothing.

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Opinion Leaders Pursue Debate on Cambodia, SRV Trade

Columnist Flails Anti-SRV Trade Policy

42070109 Bangkok *DAILY NEWS* in Thai
14 Jan 88 p 2

[Around the World column by Trairat Sunthonpraphat: "Trade and Politics"]

[Excerpt] What is surprising is that the United States, whose policies Thailand has followed so closely that we are like their "servant," has moved more quickly than other countries to trade with Vietnam. Thailand continues to shut its eyes and ears and oppose Vietnam on all fronts. The policy of the Ministry of Foreign Affairs and National Security Council continues to be one of having nothing to do with Vietnam and not trading with them. They want to force Vietnam to withdraw its forces from Cambodia.

When Vietnam's deputy prime minister, Vo Van Kiet, visited Indonesia, the Indonesians welcomed him with open arms and promised to supply Vietnam with 20,000 tons of rice and 15,000 tons of fertilizer. Besides this, they reached an agreement on trading rice, fertilizer, raw materials, and many other types of goods, including motorcycles. Thailand considers many of these goods to be strategic goods and resolutely refuses to sell them to Vietnam.

The Scandinavian countries have been trading with Vietnam for a long time now. The value of trade with Vietnam reaches tens of billions [of baht] a year. But Thailand, which is located very near Vietnam, has let this opportunity slip by. From the viewpoint of the government, we can't become involved with Vietnam. Fortunately, several farsighted businessmen have taken the initiative and held trade talks with Vietnam. But Thailand's policies and laws are still important obstacles.

Singapore is another country that likes to shout curses at Vietnam while quietly trading with Vietnam. It is making huge profits from this trade. What is so painful is that they take Thai goods and sell them to Vietnam.

When will we implement a policy that separates politics from trade? In carrying on trade, there is no need to pay too much attention to the political problems. Thailand must realize that if we don't trade with Vietnam, other countries will seize this chance. Today, it's everyone for himself. Vietnam's problems don't stem from this trade embargo. Vietnam's problems are the result of its own inept economic policies.

The smart thing to do is to earn huge profits from Vietnam while cursing them. But we have a huge trade deficit and so we shouldn't think that we are too developed. We are moving very slowly.

Columnist Calls for Abandonment of Khmer Rouge

Bangkok MATICHON in Thai 18 Jan 88 p 4

[Article by Phichian Khurathong: "If the Khmer Rouge Is Abandoned"]

[Excerpts] Toward the end of last year, a Thai reporter who works at a foreign news office in Bangkok said that "there are signs that the Khmer Rouge will be abandoned." That was the observation made in the wake of the first round of talks between Prince Sihanouk and Mr Hun Sen. These two men are now scheduled to hold another round of talks in Paris on 20 January, unless they are suddenly cancelled, as is the habit of Prince Sihanouk, who is proud of his nickname as the "unpredictable prince."

The interesting question is whether any other leader, such as Mr Son Sann, the leader of the Khmer Serei, will participate in the second round of talks. Last week, Mr Son Sann announced that he was ready to participate in the talks. The joint statement issued at the end of the first round of talks invited others to participate in future talks. Prince Sihanouk and Mr Hun Sen called on the other Khmer factions to participate in the negotiations in the interests of national reconciliation. But will the Khmer Rouge participate?

That may prove difficult. Vietnam and Heng Samrin have constantly refused to recognize the Khmer Rouge. They want the key men in the Khmer Rouge removed from power. Neither Vietnam nor Heng Samrin has said anything to indicate that they have changed their minds about this. Besides this, the Khmer Rouge itself is not ready to participate in the negotiations. But what would happen if the Khmer Rouge were abandoned?

The U.S. government has constantly refused to have anything to do with or recognize the Khmer Rouge. Thus, the United States is fully prepared to see the Khmer Rouge abandoned. But the decision about whether or not to abandon the Khmer Rouge is not up to the United States. It's up to China to make the decision. China is the Khmer Rouge's important supporter in international circles.

At a debate held at Thammasat University last week, MR [royal title] Sukhumphan Boriphat pointed out that bilateral relations between the two communist giants, that is, the Soviet Union and China, are improving. At some point along the line, the Cambodia problem may be forgotten, and the Khmer Rouge may be forgotten, too.

MR Sukhumphan said that Cambodia will probably end up like Laos. That is, a Cambodian government will govern the country, but Vietnam will still have much influence, and it will station a number of troops in Cambodia just as is the case in Laos today. The new Cambodian government will represent a compromise between Prince Sihanouk and Heng Samrin. The Khmer Rouge will be abandoned.

The Khmer Rouge could find themselves abandoned just like North Korea. If that happens, they will probably fight on alone. And if they are not strong enough, they will eventually wither away.

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Columnist Sees Philippine Communists Gaining Strength

42070115c Bangkok DAILY NEWS in Thai 29 Jan 88 p 2

[Around the World column by Trairat Sunthorapraphat: "Destroying Democracy"]

[Excerpts] Time is passing for President Aquino. She seems to be isolating herself more and more. The minister of defense, Rafael Ileto, has resigned, which is like losing her right arm. The military and political situation in the Philippines has almost reached the crisis point. Even though Aquino has managed to keep the split from growing too wide by appointing Fidel Ramos to take his place, Ramos may not be as suitable, and he may have an image problem.

However, the fact that Ramos has been appointed defense minister has pleased the United States. The United States will not allow the situation in the Philippines to become too risky as long as its two military bases are there. Ramos is like the eyes and ears of the United States. He is a concealed force whom the United States can trust, because he holds to the principles of a professional soldier.

The terrible problem in Philippine society is poverty. Even though Aquino has constantly talked about fighting this, the problem seems hopeless. The bulk of the wealth is held by about 81 families of Chinese and Spanish ancestry. This includes the Aquino family. But the remaining 70-80 percent of the people are mired in poverty. This is the obstacle to democracy.

The communist New People's Army is gaining in strength. It now has more than 23,000 armed men and controls a larger area than before. Communist influence has increased even in Manila, concealed in the poverty.

Democracy in the Philippines is in a very perilous position. There may come a day when the tree of democracy is felled.

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Editorial Wants Economic, Foreign Policy Changes

42070104b Bangkok *BAN MUANG* in Thai
8 Dec 87 p 3

[Editorial: "Foreign Policy"]

[Text] During the 8 years that Gen Prem Tinsulanon has served as prime minister and head of the cabinet, the Prem administration has implemented a foreign policy under the guidance of Air Chief Marshal Sitthi Sawetsila, the leader of the Social Action Party and minister of foreign affairs. Thailand's foreign policy has been tied firmly to the Free-World camp throughout the period of concern about and struggle against the communist bloc.

Today, the struggle between the communist and Free-World blocs has begun to shift from using force to threaten each other to waging a political, economic, and trade offensive. The fear of having to fight the communists has decreased. The Free-World countries are trying to defend themselves on the trade and economic fronts by implementing protectionist measures and reducing their aid to the underdeveloped countries, which have supported them in their struggle against the communists.

In view of the fact that the world political situation has changed so much, Thailand should review its foreign policy to ensure that it is in line with the new situation. This should be done for the sake of the people of the country. Thailand is the only country in Southeast Asia that has never lost its independence. It is an important fortress of the Free-World in the struggle to halt the expansion of the communists in this region.

Thailand should lead the way for other countries with respect to political and foreign policy. It should have an independent foreign policy, particularly with respect to the communist bloc. Economically, the communist-bloc countries are becoming more important than the super powers in the Free-World camp. Even though the financial situation of the communist countries is not good, they can exchange and buy goods, and they have not implemented protectionist measures like Thailand's great friend.

As for making changes in Thailand's foreign and military policies, Gen Chawalit Yongchaiyut, the acting supreme commander and RTA CINC, has scored results in destroying the united front of the communist party here. He has also resolved some of the military problems with the Soviet Union and China, which has reduced the various threats facing the country. This has benefited the nation's security and economy. The government should use this as a guideline for revising its foreign policy.

Crown Prince Son, 'Wife' Named in Report on Ordination

42070098d Bangkok *LAK THAI* in Thai 17 Dec 87 p 29

[Excerpts] One part of the article "Special Lecture by King Phumiphon's Elder Sister," which appeared in issue 304 of *LAK THAI*, talked about the ordination of the Crown Prince's son at Wat Boworniwet Wihan on 1 December. Somdet Phra Yansangwon officiated at the ordination ceremony.

The program that was passed out to the mass media stated that MJ [royal title] Chuthawat Mahidon will enter the monkhood for 3 weeks, that is, from 1 December to 22 December. His purpose in entering the monkhood is to make merit on the occasion of the king's 60th birthday.

MJ Chuthawat is the son of the Crown Prince and Mom Sucharini Wiwatcharawong. He is 8 years old and attends Grade 3 at the Sinakharinwirot University demonstration school. He has three brothers and one sister.

The ordination ceremony at Wat Boworniwet Wihan got underway at 0900 hours on 1 December. The Crown Prince and MJ Chuthawat, who was wearing a marine-colored pair of Thai-style pants and a white jacket, arrived in a car from the King's Guard Mahat Let Regiment and went to conduct the preordination ceremony at Pra Damnak Songphot.

Besides the members of MJ Chuthawat's family, others present at the ceremony included senior members of the royal retinue such as MR [royal title] Thongnoi Thongyai, the deputy secretary in the Office of His Majesty's Principal Private Secretary, Mr Chirayu Wisarangkun Na Ayuthaya, the director of the Bureau of the Crown Property, the deputy secretary-general of the Bureau of the Royal Household, and about 300 other people.

Something worth noting is that prior to this, there were requests that the son of the Crown Prince and his commoner wife be made a prince. Similar cases in which such sons had been elevated to the rank of royal prince were cited as examples. But later on, nothing more was heard about this.

Recently, the mother of MJ Chuthawat has appeared in public quite often. During the middle of November she was awarded a teaching certificate, with honors, from the Crown Prince. And on 4 December, Mr Thanit Phonprasoe, the 65-year-old father of Mom Sucharini, received the "Outstanding Father of the Year" award from the Association of Educational Volunteers. This award is given annually on the occasion of the king's birthday.

Dissident Democrat Secretary Views Internal Split
42070105 Bangkok SIAM RAT in Thai 10 Jan 88 p 3

[Interview with Mr Thawin Phraison, secretary of the 10 January Group; date and place not specified]

[Excerpts] [Question] Have you evaluated the results of the group during the past year?

[Answer] Actually, we have not made an official evaluation. But personally, I have talked with members of the group. The feeling is that during this past year, the 10 January Group has shaken both parliament and the party. But we still have many weaknesses. In particular, we joined together because of the pressure applied by Mr Phichai's (Phichai Rattakun) group. We were not treated properly. We had never thought about forming a group. Thus, the line in forming a group to wage a political struggle within the party and in parliament is still unclear and we do not have a perfect organization.

[Question] This year, what policy will be implemented on managing the group?

[Answer] In 1988, we plan to play a more active role in parliament. We don't feel that MPs can do much outside parliament. Within the party, we will wage a vigorous struggle just as we did in 1987. But I don't think that things will go too far. Today, members of our group include both party branch members and MPs. But our group is still smaller than that of Mr Phichai. Also, we feel that people within the party should try to reach a compromise. Thus, I don't think that anything serious will occur. But we will continue to hold the group together tightly.

[Question] What is the group's situation like today?

[Answer] We are keeping quiet right now. Last year taught us that too much talk can be bad strategically. As a result, we always came in second in the struggle. From now on, we must be more quiet. At the same time, Mr Phichai's faction has constantly spread false rumors about us in order to tarnish our reputation. They have been very successful in this. As a result, the group will not release as much information as before. But we will hold a meeting at least once a month. We have to go and talk with the party branches. But in meeting with the party branches, it is not our intention to wage a struggle within the party. The party executive committee remains unchanged and so we can't do anything about this. But we have to explain things to them so that they understand.

[Question] Has Mr Phichai's group made contact in order to work out a compromise?

[Answer] Since the very beginning, no one has ever come to negotiate with us. Neither Mr Phichai, Staff Officer Nan, Mr Chuan, Mr Prachuap, Mr Banyat, nor anyone else has ever talked with us. The reports that have

appeared say that that group wants to reach a compromise. But that is not true. Staff Officer Nan has made statements about compromising. But he has never talked with us. Whenever we meet, he is always very cold. Most of what is said follows what has been said in the press. Since this matter arose, the executive committee has never asked us to come discuss matters.

[Question] When you say compromise, you mean discussing things in order to end this conflict, is that right?

[Answer] The things that need to be discussed concern the party, not ministerial portfolios. We have never asked for ministerial portfolios. But when Mr Phichai's faction said that no compromise could be reached on reshuffling the executive committee but that it would be willing to discuss the matter of portfolios, we did not object. It would not be difficult to reach a compromise. All that is necessary is for the executive committee to form a team to talk with us. And Mr Phichai, who is the cause of the problem, must boldly say that what is past is past. Does he have the courage to say this? If he had dared to speak out like this, the problem would have been solved by now. Because the problem is with Mr Phichai. But he has never said this. The only thing that he has said is that he has always done things properly. But the evidence shows that he has done many things wrong since the election. MPs from the south have been accused of destroying solidarity. When the split occurred, southern MPs split into two factions. Last April, Mr Manot Wichaikun, an MP from Nakhon Sithammarat, tried to send a letter to Mr Chuan Likphai asking that all 36 MPs from the south hold a meeting. But Mr Chuan refused to sign. And so Mr Manot tore up the letter. The southern MPs used to meet every month. But after the problem arose, no meetings were held. Mr Chuan was not interested. He was interested only in getting rid of us.

[Question] How do you feel about Mr Phichai and Staff Officer Nan?

[Answer] Mr Phichai has never tried to solve any of the party's problems. Perhaps there are too many problems. He has not talked with us for a year now. As for Staff Officer Nan, even though he has made a resolute effort to solve the party's problems, he does not have any power in the party. He is the party secretary general, but he does not have any power in the party. There are fewer than 10 people who support him. In particular, 16 northern and southern MPs are under the control of Mr Chuan, which is equal to the number in the 10 January group. Mr Phichai controls the 10 MPs from Bangkok Metropolitan. The 10 from the northeast are controlled by Mr Prachuap. Very few are under the control of Staff Officer Nan. Thus, he does not have much power. Today, those with real power in the party are Mr Chuan, Mr Banyat, and Mr Prachuap. Thus, in negotiating, if these three do not agree, nothing will be accomplished. Staff Officer

Nan has occasionally talked with us, but the other factions have not agreed and so he can't do anything. Thus, the efforts by Staff Officer Nan have always failed.

[Question] Mr Phichai has said that he will resign his position as party leader in 2 years. What do you think about this?

[Answer] In talking like that, I think that he was showing the spirit of a politician. Even though it's a little too late, it's good that he dared to say that. The 10 January Group has always said that whenever Mr Phichai resigns from his position as party leader, it will be easy for us to reach a compromise with the other faction. Our only problem is with Mr Phichai. His statement that he will retire shows that he loves the Democrat Party and does not want the party to collapse with him. This is good to hear. If he does resign, it should not take very long to restore party unity.

[Question] What do you think about the matter of Mr Chuan being suited to serving as party leader but refusing to take the position?

[Answer] We feel that Mr Chuan is suited to serving as party leader. The 10 January Group once asked him to run for this position. Mr Chaloeiphon had indicated that he did not want to be party leader. But Mr Chuan refused. Thus, if he does decide to become party leader, we would not object. Both Mr Chuan and Mr Marut are qualified. I don't know why he does not feel ready. But my guess is that as the president of parliament, he has to remain neutral. If he becomes the party leader, he may not be able to remain neutral. But if he is ready to become party leader, he should resign his position as president of parliament.

[Question] What about the problem of members of the 10 January group splitting away and joining Mr Phichai's group?

[Answer] There have frequently been reports about members of our group splitting away. Even Mr Sawai said in an interview with SIAM RAT SAPDA WICHAN that the 10 January Group has only 20 members. He probably believes this. But this is not true. I would like to give you an example. There are 18 southern MPs who belong to our group. That is quite clear. If we add those from other regions, think how many members we have. I would like Mr Sawai to count how many southern MPs side with Mr Chuan and with Mr Sawai. Actually, some of our MPs have split away. But the number is very small. I think that we now have at least 38 members. Many members of Mr Phichai's faction have joined us. There are many people who are neutral. Why don't they think about the other faction? Why do they focus on those who have split away from us and not on those who have split away from the other faction? Some people have charged that we have joined together in order to profit financially. But such things can't hold a group together. Within the group, there are people who have

provided financial support. Actually, only a few members of our group have financial problems. We have tried to help them as much as possible. I agree with Minister Sawai that the account books should be opened for all to see. Everyone would then know how much Mr Phichai's group has and how much we have. I would like to add that in forming the cabinet the last time, the quota was one ministerial portfolio for each six MPs. Thus, the Democrat Party was allotted 16 portfolios. I would like the 16 ministers from the party to see how many MPs support them. Does Mr Sawai have 6 MPs who support him? If he does, he can continue to serve as a minister. But if he can't, he should resign. But would he? I think that all 99 MPs should state in writing whom they support. But they don't dare do this. They are all afraid of losing their positions.

[Question] At the party's meeting in March, will you propose revising the party regulations?

[Answer] The party regulations have certain weaknesses. The 15-man executive committee is supposed to carry out party activities. The ministers are not supposed to manage the party. But given the existing regulations, those in charge of managing the party are all people with little prestige. Because the ministers, who have prestige, are not supposed to manage the party. But actually, those who manage the party are ministers. And the most well-known figures are the party leader, Mr Chuan, and Staff Officer Nan. Others do not play a role. Thus, if possible, we should revise the party regulations and get rid of all 15 members of the executive committee.

[Question] When parliament convenes in April, what will the political situation be like?

[Answer] I am concerned about things when parliament reconvenes in April. Several MPs have said that if unity has not been restored in the party, there will be problems in the House of Representatives. We won't cooperate with the opposition. But if we think that the administration is doing something wrong and the people don't want that, we will hold to what is right. What is worrisome is that if there is a no-confidence debate and the opposition has clear evidence, I don't think that our group will be able to support the administration. The other political parties will have a similar problem. The Social Action and Thai Nation parties have 20 MPs. If the 10 January Group and the groups in the other parties that are dissatisfied join together, that will be a large block of votes and the government's position will be rather shaky.

[Question] Can the problem be solved by reshuffling the cabinet?

[Answer] I don't know. I do know that when the prime minister invited the leader and secretary general of the party to have dinner with him at Ban Sisao, he told Mr Phichai that steps must be taken to solve the party's problems. He said that the CPT [Communist Party of Thailand] problem had been solved and so it should

certainly be possible to solve the party's problems. The prime minister has asked the RTA CINC to help solve these problems. Mr Phichai promised the prime minister that he would contact the RTA CINC and take steps to solve the problems involving the 10 January Group. But so far, Mr Phichai has not contacted anyone, which shows that he is not sincere about wanting to solve the problems. One other thing that I would like to mention is that when parliament was in session, the 10 January Group submitted more bills than Mr Phichai's group, even though we have fewer MPs. It is incorrect to say that we are vying for positions. We have worked. There are documents showing that we have proposed legislation. There are documents showing which groups have done things.

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Key Prem Aide in MOI Comments on Political Party

42070106b Bangkok SIAM RAT SAPDA WICHAN in Thai 13-19 Dec 87 pp 54, 55

[Interview with Phisan Mulasatsathon, the under secretary of interior; date and place not specified]

[Excerpt] [Question] Recently, there have been reports that you will form the "Peoples Nation Party." Is there any truth to this?

[Answer] That involves others. Let's not talk about me. Let's talk about me later. The truth is, many people think that a political crisis might arise. They think that parliament might be dissolved. There are many people, including old government officials who have scored many achievements and private individuals who have been successful in business, who have thought about this. But don't talk about me. I am aware of this. You have to keep this separate. People have said that if there is a parliamentary crisis, some groups would like to play politics. Those who have the knowledge, capabilities, time, and other necessary factors would like to become involved in politics. They may form a group. They would like to form a separate group. They would like to strengthen politics and help increase security. I don't know what they plan to name their party. All I know is that if a parliamentary crisis arises, there are some people who would like to become involved in politics. But I don't know whether they can actually form a party in time. Because it takes time to form a party. Or they may join other parties whose ideals are similar to theirs. This is why this group was formed. Thus, if some crisis arises or parliament is dissolved, how will this group become involved? There is talk that these people may form a party. This group may support politics. This group is not very well known. But it is known that this group will play a role and help make politics stronger.

As for me, I am well known by many groups and am like a coordinator. I am in charge of registering political parties. Thus, people have asked me about political lines

and how to go about forming a political party. I have been asked such questions by politicians and people who are just getting into politics. The interesting point is whether I am a tool or a key element. Actually, it must be understood that I am a key figure in such matters, because I am a government official. People come to me for advice, because I am the party registrar. Everything comes to me. Thus, it isn't true that I will be the party secretary general. All I can say is that people have come to me for guidance and advice. But I have no intention of establishing a party at this time. I will continue to carry out my duties as the party registrar. People can come to me for advice. As for the old reports that I will become involved in politics, actually, I have been asked about this. But I have not responded. I may have done some of the things they said, but the fact is, I have not become involved in politics. If I do, I must resign my position. This is my answer about whether I will play politics. But I have not decided. If I do decide to become involved in politics, I will have to resign my position.

[Question] You are now waiting to see what will happen politically, right?

[Answer] No. I have not resigned. I am not waiting for anything. I just haven't decided. I don't have to wait. If I decide to go ahead, I don't have to wait. But I haven't made a decision yet.

[Question] Does this political party have anything to do with the Bua Khao [White Lotus] Group?

[Answer] No. It has nothing to do with this group.

[Question] Aren't the same people involved?

[Answer] Some of them may be involved with both groups. It should be understood that the Bua Khao Group is not a political group. This is a student group. When I was a student, I belonged to a student group, too. The Bua Khao Group is composed of former students who used to attend school together. They graduated from Amnuaisin School and are now moving into important positions. Thus, people are watching them. But the Bua Khao Group was formed before any of them gained an important position. Take me, for example. I am a member of the 500 Group, which is composed of former classmates of mine. We began holding parties long before I became an under secretary. But this is not well known. Because when we gained more important positions, it was like a point. But actually, we do not have any political base. This has nothing to do with our work. This is just a personal matter. It's a matter of friends, of fellow alumni. Some may be involved. But not the Bua Khao Group as a group. These people can't avoid this. Some are senior government officials. But we have to make a distinction. A group is a group. Individuals are individuals. We can talk about the group or about individuals.

[Question] It's said that the mass base of this new party is composed of the Reservists for National Security and the Volunteer Defense Corps.

[Answer] Their support may come from several directions. But let's not separate them. No one can tell about a particular individual. He may not be a member of that group. This is impossible. There may be some who are members of this or that group. For example, many reservists are politicians. That includes generals and privates. Teachers are members of the reserves, too. Thus, we shouldn't make this distinction. Personal matters are private. But these people and organizations, when they have been in these organizations, we feel that they belong to these organizations. They have been trained and instilled with discipline. The reservists, for example, have good discipline. Thus, we feel that if they provide support, that will be beneficial. But we can't talk about the reserves as a whole. We can talk about individuals only. These are good people. They may join a political party. They may form their own party. But we can't say that. We have to talk about individuals. They could join a party or establish a new party. People could be drawn from many sectors to form a new party.

[Question] Some feel that this movement to establish a new party is aimed at forming a base for Gen Prem.

[Answer] I can accept this if it is being done to pave the way for politics and for the security of democracy. But this can't be done to pave the way for an individual. This must be done to pave the way for democracy with the king at the head. But we can't do this for a particular individual. Because people have not said whether they will become involved or not. But there is a group that wants to strengthen political security. Because political security will benefit many things. Thus, it may be time for these people to play a role. They may work together to build the country and ensure that the country makes progress.

[Question] As the political party registrar and person responsible when elections are held, what do you think about the movement to have a "one man, one vote" system, and how will this work in practice?

[Answer] I will say that revising the constitution is a major issue. In the past, we were fond of saying that dictators told people what to do. As for this matter, I agree that if a group wants to change an important principle of the country, it must allow the people to vote on this to see if this is suitable. They can't dictate things. We must listen to people. I have told people that they must listen to the opinions of others. If they are dictators, they can issue an order. But when they turn the problems over to us, we have to give opinions. This is the proper way based on the democratic system. People can't just do what they want. They have to listen to others. We can discuss the good and bad points. We can choose the best path. If people want to change the law, this is the way to do it. If we want to have a democracy, we must

allow others to bring problems to the attention of the people to get their ideas. We can't say that their ideas are no good just because they don't agree with us. That is not the way. In this case, there are both good and bad points. We have to weigh things and see what is best suited to the behavior or needs of the people. They have not criticized anything, no matter how pure the theory. In pure theory, there are both good and bad points. Thus, from the standpoint of administration and social psychological, it's not a matter of $2 + 2$ equals 4 or H₂O being water. It depends on what is most suitable. The constitution is a law that must be monitored to ensure that it is in accord with the behavior of the majority of the people of the country. It must be responsive. Thus, the fact that certain people have raised this issue in order to get the people's views is the correct way to handle this. There is nothing wrong with this. We can discuss this and argue about it. We can point out the good and bad points. After we have agreed on what is best, we can put that into practice. Thus, the fact that questions have been raised about this is fine. As for me, I try not to criticize anything. As someone who is responsible for implementing things in accord with the law after a law has been promulgated, I must explain things and point out the good and bad points. We have to control things. We will not allow this to create problems. We try to explain things and implement things accordingly in order to bring out the good points. This is a principle of mine. Assume that this law is passed. We have to try and make the people understand and help them to vote properly. In the past, they voted for three people. Now they must vote for only one person.

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Prem Role in Tank Buys, Financing Seen
42070098c Bangkok LAK THAI in Thai
17 Dec 87 pp 21-23

[Unattributed report: "Purchase of M-48 A-5 and Stingray Tanks, Prem Gives the Green Light After Talking With Phaniang"]

[Excerpts] Same Urgency

Something worth noting is that steps to purchase Stingray and M-48 A-5 tanks are being taken at equal speed in order to complete things by the end of fiscal 1987. Concerning the purchase of these two types of tanks, little needs to be said about the M-48 A-5, because we have purchased and deployed this tank before. And according to reports, Gen Prem Tinsulanon, the prime minister and a former armored cavalry officer, likes this tank. Reports state that after Gen Prem returned from his latest trip to the United States, he ordered officials to purchase this tank. And the United States said that it would be happy to sell the tanks at friendship prices. This set of tanks is not in the United States but at the

military base on Okinawa. They are reserve weapons and have never been used. The United States will probably sell us the entire lot so that it can replace them with a newer model.

In view of the fact that Gen Prem wants the military to purchase M-48 A-5 tanks, the green light has been given to buying this heavy tank. It is easy to include this in the program to upgrade the army's weapons. The 40 M-48 A-5 tanks and 6 rebuilt M-88 A-1 can be purchased directly from the U.S. Department of Defense on an FMS [foreign military sales] basis. Thus, this does not present any problem.

Lighter than the Stingray

The army sent a letter, No 0406/192 dated 14 August 1987, to the Bureau of the Budget in order to request financial support. It stated that the U.S. government has approved the proposed agreement and asked the bureau to consider approving the purchase. The amounts that will have to be paid are as following:

1. Fiscal year 1987, \$12,422,225, or approximately 322,977,850 baht. 2. Fiscal year 1988, \$8,607,513, or approximately 223,795,330 baht. 3. Fiscal year 1989, \$23,126,705, or approximately 601,294,330 million baht.

The army also stated that because of the high cost of these weapons, it could not purchase them out of its 1987 and 1988 budgets. But it said that it had a large sum of money left over from purchasing weapons FMS in a holding account. Thus, it wanted to reach an agreement with the Ministry of Finance in order to use money from this account to purchase the M-48 A-5 tanks. The Ministry of Finance gave it permission to use only uncommitted L.O.A. funds in this account. The army checked the account and found that it had a total of \$22,353,885.25, or approximately 581,201,016.50 baht. That was enough to pay the money owed for the M-48 A-5 tanks in 1987 and 1988 and part of the money owed in 1989. Thus, it asked for financial support totaling \$44,156,443, or approximately 1,148,067,518 baht, during fiscal years 1987 to 1989. It will pay the money owed as stated in 1 and 2 above from the money in the holding account. Some of the money for item 3 will come from the holding account, too. It asked the Bureau of the Budget to consider allotting funds to cover the remaining amount owed. It said that these tanks will be deployed in the 2d Cavalry Division.

OK, Go Ahead

Mr Bodi Chunnanon, the director of the Bureau of the Budget, sent a reply to the army on 18 September 1987. In his letter, Mr Bodi said that the Bureau of the Budget sees the army's need to purchase 40 M-48 A-5 tanks plus equipment, 6 M-88 A-1 tanks plus equipment, communications equipment, and ammunition and explosives in order to ensure that the 2d Cavalry Division is combat

ready and capable of carrying out its duties in defending the country. But because this is a new program that has been proposed during the fiscal year, the army must first obtain approval from the cabinet.

In its letter, the Bureau of the Budget approved the army's purchasing the weapons FMS at a cost of 1,148,067,518 baht, or \$44,156,443, in accord with the L.O.A. contract from the U.S. government, with funds committed from the 1987-1990 budgets. Because the army has committed large sums for various projects in 1989, it suggested that the army arrange its expenditures in a way that will prevent major problems from arising.

Go Ahead, Will Find Funds Later

The Budget Bureau recommended that the army draw \$22,353,885.25, or approximately 581,201,016 baht, that is free from commitments based on the L.O.A. contract from the holding account and funds that will become available later on, use this money to pay as many installments as possible until the money in the holding account is exhausted, and then use budget funds.

In 1988, the Bureau of the Budget has a total of 202,006,000 baht. Of this, 153,075,000 baht has been earmarked for purchasing 65 sets of flight control equipment to upgrade the present system. That will leave 48,931,000 baht for this. As for the remaining amount that the army must pay in accord with the contract, after the cabinet has approved this and the army has signed the contract, the Bureau of the Budget will allocate funds as necessary. If the army can negotiate to have the payment period extended to fiscal year 1991, that will relieve much of the pressure.

The Green Light Has Been Given

As mentioned above, Gen Prem Tinsulanon has always supported purchasing M-48 A-5 tanks. On 21 September 1987, Air Chief Marshal Phaniang Kantarat, the minister of defense, submitted the matter to the cabinet. He sent a letter to the secretary general of the cabinet explaining why it is necessary to purchase this heavy tank and explaining the financial details worked out by the army and the Bureau of the Budget.

Mr Anan Anantakun, the secretary general of the cabinet, sent a letter to Gen Prem Tinsulanon outlining the details of the purchase and payment schedule, that is, 322,977,850 baht in 1987, 223,795,338 baht in 1988, and 601,294,330 baht in 1989. The money for the payments in 1987 and 1988 will come from the holding account. Some of the money for the 1989 payment will come from the holding account, with the rest coming from the army's annual expenditure budget allotted by the Bureau of the Budget. Gen Prem Tinsulanon approved this on 26 September 1987. Thus, this program passed even more easily than the Stingray program, and

the decision was firmer. This tank will be purchased through the U.S. government directly. It is not a "special case" like the Stingray tank.

Three Exciting Days

A military news source said that when ACM Phaniang Kantarat submitted the matter of purchasing M-48 A-5 tanks to the Secretariat of the Cabinet on 21 September, this immediately generated great confusion, because no one knew whether the cabinet would approve this. Submitting this to the cabinet was the final step, and if it was not submitted in time for the cabinet's 29 September 1987 meeting, it would "fail." This concerned fiscal 1987 budget funds and so the matter had to be completed by the end of fiscal 1987, that is, before midnight of 30 September 1987. A high-level news source said that ACM Phaniang did not submit the matter of the Stingray tank to the cabinet at the same time as the matter of the M-48 A-5 tank because he was not sure whether the green light had really been given. He wanted to see the "green light" with his own eyes. Thus, he contacted senior officials in order to get a clear policy before submitting the matter to the cabinet. Gen Prem asked to examine the matter in order to make a final decision. The 3-day period before ACM Phaniang submitted the matter to the Secretariat of the Cabinet on 24 September was a very important period. There was a flurry of activity to get Gen Prem to approve this.

In the end, Gen Prem again gave the green light. ACM Phaniang Kantarat submitted the matter to the Secretariat of the Cabinet on 24 September. This program and the M-48 A-5 tank program were both approved on 29 September. Mr Evord, a representative of the Cadillac Gage Company, who had flown here from the United States in order to sign the sales agreement, signed the first customer in the world to purchase the Stingray tank—Thailand!

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Failure To Produce Self-Propelled Artillery Piece

42070098b Bangkok LAK THAI in Thai 24 Dec 87 p 9

[M.C. Wan Hotline column: "From Gunstock to Bayonet Point"]

[Excerpt] Self-Propelled Artillery

During the time that Gen Samphat Phasanyongphinyo was the commander of the Artillery Center at Lopburi, he took steps to produce self-propelled artillery pieces. That is, he implemented a project to improve and modify the abandoned and rusting M-16 half-tracks and turn them into self-propelled carriages for mortars. And M-3 half-tracks were modified to carry 105 mm artillery pieces. This project proceeded well. And when Maj Gen Amphon Sombunying was appointed commander of the Artillery Center, he continued the project. Later on, Gen Samphat was appointed director of the Army Ordnance

Production Center. Some of the work was transferred to the Ordnance Production Center. This was called the self-propelled 105 mm howitzer project (105 mm howitzers on M-3 half-tracks). But work on this self-propelled gun, which had not been deployed, was stopped when Gen Athit Kamlangek became the RTA CINC. And there were several other self-propelled gun projects left behind by Gen Samphat Phasanyongphinyo. There was the project to install 155 mm guns on full-track vehicles. This was known as the self-propelled 155 mm gun project. M-71 artillery pieces were mounted on M-8 E-2 vehicles. This was another large project. Success was within reach, because the Thai military had the necessary technology. It just needed the funds. It had the expertise and "men" to do this. But in the end, senior officials "closed" the file on this. This was a great disappointment to those in the artillery. They feel that if these projects had been supported, we would now have our own self-propelled guns.

The M-109 A-3

The effort by the Artillery Division of Maj Gen Phuchong Nilakham to obtain artillery-mounted tanks, or self-propelled artillery vehicles, has succeeded the self-propelled 155 mm gun project, which had planned to use M-71 artillery pieces mounted on M-8 E-2 vehicles. These self-propelled guns were not tested or developed because 4 years ago, it was said that it would not be worth the expense. But shortly after that, people proposed selling M109 A-3 self-propelled guns to the army. Other makers of self-propelled guns have come and recommended their guns. One such gun is the GSN-45/APU manufactured by the Austrian Norikam Company. But it seems that the M-109 A-3 can "run" better in Thailand and that it can run in the "right direction." And it has a greater range. Thus, this is the favorite choice at the present time. But this gun is very expensive. It is thought that the program to procure this self-propelled gun will be completed by the end of fiscal 1988. The question now is, If we purchase this gun, will we purchase it on a government-to-government basis? Because this self-propelled gun is an international product. It can't be considered to be an American product. The gun itself is produced by the United States. But the carriage is produced in Germany. This self-propelled gun has not been deployed in either the U.S. or Germany armies, which would be a government-to-government guarantee.

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Army Sources View Post-Chawalit Commander in Chief

42070098a Bangkok LAK THAI in Thai
28 Jan 88 pp 15-17

[Unattributed report: "A Look at the Army After Big Chiu Leaves"]

[Excerpts] A Look at the Army

When Gen Chawalit retires, the people with the most seniority in the army will be Gen Wanchai Ruangtrakun, the deputy RTA CINC, Gen Phichit Kunlawanit, or Big Sua, the assistant RTA CINC, Gen Charuai Wongsayan, the army chief of staff, and Gen Suchinda Khraprayun, the assistant RTA CINC. Of these, the person with the greatest seniority is Gen Wanchai Ruangtrakun. Looking back at the period 1983-1984, Gen Wanchai was promoted to lieutenant general and appointed assistant army chief of staff for operations. At the same time, these other generals were still major generals. That is, Gen Phichit Kunlawanit was the deputy commander of the 1st Army Region and the commander of the 1st King's Guard Infantry Division. Gen Charuai Wongsayan was the deputy commander of the Special Warfare Command, which was commanded by Gen Sunthon Khongsomphong, or Big George. Gen Suchinda Khraprayun was the director of army operations.

It can be said that Gen Wanchai Ruangtrakun, or Big Hook, has stayed right behind Gen Chawalit Yongchaiyut in both rank and position. There was one period in which they held the same rank and similar positions. That is, Gen Chawalit was the deputy army chief of staff and Gen Wanchai was the assistant army chief of staff. When Gen Chawalit was appointed army chief of staff in 1985, Gen Wanchai was made deputy army chief of staff. He was then appointed army chief of staff when Big Chiu became RTA CINC. Thus, Gen Wanchai has often been appointed to the position vacated by Big Chiu.

But There is a "But"

Looking at the seniority of army officers today, Gen Charuai Wongsayan, the army chief of staff, and Gen Suchinda Khraprayun, the assistant RTA CINC, clearly have less seniority than Gen Wanchai and Gen Phichit. But a news source told us that in the past, Gen Prem had less seniority than Gen Sithi Chirarot during the time that he was the assistant RTA CINC and Gen Sithi was the deputy RTA CINC. With respect to the issue of seniority, people can be "transferred." That is, they can be moved and appointed to a position of equal seniority in some other line.

Has Lost Some Points

Even though Gen Chawalit Yongchaiyut may have to reconsider his plan to resign this year, with Gen Wanchai Ruangtrakun taking the lead in "opposing" his resignation, our news source said that this has greatly irritated certain senior officers. Because everyone knows that he must retire. In particular, his fellow classmates from CRMA [Chulalongkraj Royal Military Academy] Class I know that no other course is possible and that he must do what he has said he will do. The fact that Gen Wanchai has taken this action does not please these people. They are afraid that people will think that they have "signaled" Gen Wanchai to take this action. Some think that

Gen Wanchai has a secret long-term plan of some sort. This is how he is viewed even though he has spoken frankly and with great affection for his friend and superior officer.

Our news source said that Gen Chawalit Yongchaiyut has had to talk with his close friends about his "resigning." He has told them that he must go ahead with this and that they should not try to block this, which would only waste time. The preparations have already been made. The news source said that Gen Chawalit has told his friends that he did not announce his plan to resign just recently and that the matter is already half settled.

A New Line

A high-level news source talked with us about the arrangement of the senior officers after Gen Chawalit resigns. He said that the position of supreme commander does not pose any problem, because the chairman of the joint chiefs of staff can take over the duties. It is the position of RTA CINC that must be looked at closely.

"It's unlikely that Gen Wanchai will be appointed RTA CINC. He will most likely be promoted to the grade of field marshal and appointed to the position of chairman of the joint chiefs of staff, a position that was created recently to replace the position of supreme commander. The person who holds this position will have great power in arranging the new command structure. The forces of the three branches of service will be united here," said the news source. LAK THAI has already discussed the path of Gen Sunthon Khongsomphong, or Big George, who was promoted from assistant RTA CINC to chief of staff officers last year. He had less seniority than others and so he was made chief of staff officers in order to give him field marshal grade ahead of them, which will enable him to return to the army as RTA CINC this year. And no one will be able to complain about him having less seniority, because Big George is already of field marshal grade. He was moved to a position of field marshal grade. "One of the reasons why he was made chief of staff officers was to coordinate the branches of service. Because there really isn't any supreme commander. The chief of staff officers does almost all the work. The person who recommended him for this position was Air Chief Marshal Thuanthong Yotawut, the retiring chief of staff officers. The commanders of the various branches of service, such as the RTN CINC and RTAF CINC, approved his appointment and agreed that he would be able to coordinate the branches when the commanders of the branches were appointed to their positions, said the news source.

Charuai, Old Position

Gen Charuai Wongsayan, the army chief of staff, and Gen Suchinda Khraprayun, the assistant RTA CINC, were both appointed to their positions in 1987. It is thought that Gen Charuai will stay in this position this year. However, Gen Suchinda has a chance of being

promoted to deputy RTA CINC. But this is not definite, because Gen Phichit Kunlawanit, or Big Sua, the other assistant RTA CINC, will have to be promoted, too. Our news source said that it's unlikely that Big Sua will be promoted to deputy RTA CINC. It's more likely that he will be promoted to a field-grade slot. There have been rumors that he will be made under secretary of defense. The problem is that someone is already in line to replace Air Chief Marshal Sansoen Wanit, who is retiring as under secretary of defense. People should keep an eye on Gen Wichit Sukmak, or Big Piak, who was promoted to full general, moved from chief of the Territorial Defense Department, and attached to Supreme Command Headquarters last year. The news source said that Big Piak has a good chance of being appointed under secretary of defense this year. This must be watched closely. If Big Sua is not appointed to that field-grade position, he will have to stay in the army and that means that Gen Suchinda will have to stay in his present position.

Watch the "Movements"

The news source said that at the moment, the lineup looks like this: Gen Sunthon Khongsomphon will return to the army as RTA CINC, Gen Charuai Wongsayan will remain army chief of staff, and Gen Suchinda Khrapayun will be appointed deputy RTA CINC. (The latter two positions might be switched. We will have to watch the situation. That is, Gen Charuai might be appointed deputy RTA CINC, with Gen Suchinda appointed army chief of staff.)

If things turn out this way, the two assistant RTA CINC positions will become vacant. It is thought that one of these positions will go to a senior officer in the staff line while the other will go to someone from the command line.

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Editorial Views Chawalit Departure From CINC Post

42070106a Bangkok SU ANAKHOT in Thai
13-19 Jan 88 p 4

[Editorial: "Gen Chawalit's Departure From the Army"]

[Excerpts] News about the possible resignation of Gen Chawalit Yongchaiyut, the RTA CINC and acting supreme commander, before he reaches retirement age is the hot topic of the new year. This could be the most important news of 1988. This is a very bold move and a challenge to the temptations of a very important position. There are very few people who would voluntarily give up a prestigious and powerful position.

Two years is a very short time. But in that time, Gen Chawalit has done much of great value to the army. For example, he has improved the structure of the army and increased military benefits, such as providing life insurance to troops fighting along the border. No other army

in the world has ever implemented such a policy. The draft has been abolished. Instead of drawing lots, the army accepts volunteers. This was tested first in the 9th Division, and good results were achieved. On the foreign front, Gen Chawalit has received invitations to visit military leaders in China, the United States, and the Soviet Union.

During his visit to the People's Republic of China, Gen Chawalit negotiated the purchase of weapons at a very low price without using an agent instead of buying expensive weapons from Europe and the United States.

After returning from his 2-day visit to the Soviet Union, Gen Chawalit ordered Thai forces to withdraw 10 km from the border. Around the same time, the Vietnamese and Phnom Penh forces withdrew from the border, too. This ended the confrontation between the military forces of the two sides and helped resolve the border problem. This shows that the border policy of the Ministry of Foreign Affairs needs to be revised.

However, in looking at the achievements scored by Gen Chawalit and the role of the army, during the past period the main problem that the army has had to solve is the problem of reducing the size of the army. It must be admitted that the Thai military expanded with U.S. funds. Now that the United States has stopped providing support because it no longer needs to use the Thai military in the war against Vietnam, the Thai military cannot stay at its previous level. Thus, reducing the size of the army is an urgent task. Otherwise, it will be impossible to develop the country. But there are many obstacles in reducing the size of the army.

One problem is the conflict between the military and the political institutions. This has been going on for many years. Gen Chawalit must share some of the blame for this, too. There was the case of thahan phran irregulars surrounding the home of MR [royal title] Khukrit Pramot, a former prime minister and outspoken writer. And there was the fight with parliament over the secret budget. It cannot be denied that these things produced negative results.

Gen Chawalit is resigning his position at a time when many people have great doubts. They want to see his initiatives score even greater achievements. They want to know what his goals are after he leaves this important position, which many people do not think he should leave.

If his purpose in resigning is to put an end to a confusing situation that is bad for democracy and play a role in improving things, that is a fitting course. But if Gen Chawalit is leaving just to go into a corner and this makes things more difficult, even if this will benefit him personally, that is very sad. He will certainly not get any response.

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1st Army Deputy Commander Profiled
42070104c Bangkok DAILY NEWS in Thai
4 Jan 88 p 5

[DAILY NEWS Square column by Nanthana: "The Chief of Staff of the Bangkok Peacekeeping Command After Big Chiu and Big Wanchai Is Now the Deputy Commander of the 1st Army Region"]

[Text] Maj Gen Chamlaeng Uchukomon, the deputy commander of the 1st Army Region, has always served in the infantry. He is the third of the five children of Lt Gen Chalong and Mrs Channuan Uchukomon. He completed primary school at Khemawiri Anutson School and secondary school at Suan Kulap Withayalai School. He then entered the Military Preparatory School as a member of Class 12. He graduated from the Chulachomklao Royal Military Academy [CRMA].

During the time that he served as the chief of staff of the 1st Army Region, he also held several other positions such as chief of staff of the Region 1 ISOC (Internal Security Operations Command), chief of staff of the Army Command, and chief of staff of Bangkok Peacekeeping Command. As for the position of chief of staff of the Bangkok Peacekeeping Command, he was the third person to hold this position following the establishment of this command. The first person to hold this position was Gen Chawalit Yongchaiyut, and the second was Gen Wanchai Ruangtrakun.

Important positions held by Maj Gen Chamlaeng during the course of his career include platoon leader at the Military Preparatory School (1959-1964); company commander with the Cadet Regiment, CRMA (1964-1966); assistant chief of operations, Volunteer Division, second rotation; assistant chief of operations, 1st Army Region (when he was a lieutenant colonel); assistant chief of personnel, 1st Army Region (when he was a colonel); head of the Civil Affairs Section, 1st Army Region; deputy chief of staff of the 1st Army Region; and chief of staff of the 1st Army Region (after being promoted to major general).

Maj Gen Chamlaeng has been awarded the following medals and decorations: the Thawitayaphon Chang Phuak and Thawitayaphon Mongkut Thai decorations, the Vietnam Service Medal, the Freedom Protection Medal, the Border Service Medal, and so on.

He is married to Tharithip (Manophattana), the director of the Positions and Salaries Division, No 3, Office of the Civil Service Commission. They were married in August 1963. Unfortunately, they do not have any children. He spends his free time raising Thai breeds of dogs. It is said that he has many dogs. He is also said to be an excellent cook. He once served as an aide to Gen Nawet Na Nongkhai and regularly cooked for Gen Athit Kam-Ingek, the former RTA CINC and supreme commander, during the time that he served in Vietnam.

The deputy commander of the 1st Army Region is a good-natured person who treats his subordinates kindly. He always takes a great interest in his work.

11943

BOI Promotes Export-Oriented Projects
42070104a Bangkok NAEON in Thai
5 Jan 88 pp 7, 14

[Text] Mr Sathaphon Kawitanon, the deputy secretary general of the Board of Investment [BOI], said that at its final meeting of 1987 on 28 December, the Investment Management Subcommittee passed a resolution approving the promotion of eight projects with investment capital totaling 649.40 million baht. Seven of these are export-production projects. The other is a mining and granite processing project. Details about each project are as follows:

1. Production of artificial leather and PVC sheets, 80 percent of which are for export, by the Bangkok Polyvelt Company. A total of 75 million baht will be invested to build a factory in Bangphli, Samut Prakan Province. The plant will have a production capacity of 1,200 tons of artificial PVC leather and 300 tons of PVC sheets a year. Thai hold 75 percent of the shares, and Chinese hold 25 percent.

2. Production of office furniture, 80 percent of which is for export, by Mr Wanchai Khunananthakun (Siam Steel Group). A total of 250 million baht will be invested to build a factory in Prapradaeng, Samut Prakan. It will have a production capacity of 940,000 tables, chairs, cabinets, office dividers, and shelves. Thai hold 51 percent of the shares, and Japanese hold 49 percent.

3. Production of machine parts, 80 percent for export, by the Ito (Thailand) Company. A total of 42 million baht will be invested to build a plant in the Bang Pa industrial park in Samut Prakan. It will have the capacity to produce 670,000 parts a year for spinning machines and other machines. Thai hold 20 percent of the shares, and Japanese hold 80 percent.

4. Production of electronic wire and wiring harness, 80 percent for export, by the Charung Thai Wire and Cable Company. A total of 125 million baht will be invested to build a plant in the Nuankhon industrial park in Pathum Thani. The plant will have a production capacity of 310,000 km of electronic wire and 3.96 million sets of wiring harness a year. Thai hold 35 percent of the shares, Taiwanese hold 60 percent, and Americans hold 5 percent.

5. Production of enameled cooking utensils, 80 percent for export, by Mr S.T. Lieu. A total of 41.90 million baht will be invested.

6. Production of electric-circuit printing plates, 80 percent for export, by the National Thai Company. A total of 42.54 million baht will be invested to build a plant in Samut Prakan.

7. Production of engine pistons, 81 percent for export, by the Arot-Serina Bistan Company. A total of 48 million baht will be invested.

8. The mining and granite processing project of the Asia Marble Company. A total of 25 million baht will be invested to build a plant in Muang District, Samut Prakan.

11943

Bio-Medical Research on Parkinson's Disease Breakthrough

42070115a Bangkok *MATICHON* in Thai
21 Jan 88 pp 1, 2

[Excerpts] On 20 January, Dr Sira Bunyarattawet of the Surgical Department, Faculty of Medicine, Ramathibodi Hospital, revealed that the hospital succeeded in implanting cells in a patient's brain in order to treat him

for Parkinson's disease. This is the first time that this has been done in Asia. And it is only the fifth time in the world. Mexico and Sweden have each treated two patients using this technique. The Thai patient, who became the fifth person in the world to be treated using this technique, is Mr Komin Withaya, age 40, a farmer from Nakhon Sawan Province. He was operated on 3 weeks ago. His condition has improved greatly.

Dr Sira said that implanting cells in the brain in order to treat Parkinson's disease entails removing cells from the "muak tai" gland, which is 2-3 millimeters long, making a deep incision in the brain, and implanting the cells from the gland in the brain. Two surgical teams must work together simultaneously. One team removes the cells from the gland while the other team opens up the brain in order to implant the cells.

Dr Sira said that Mr Komin is now feeling much better. But he still has to take L-dopa, because this will help the cells in the brain to grow. However, it isn't known yet whether this technique will produce the desired results. We must wait and see how the patient progresses.

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ECONOMIC

Advantages Under Investment Law Termed Minimal to Western Firms

46200012 Duesseldorf *HANDELSBLATT* in German
25 Jan 88 p 9

[Article by cp: "Hanoi Woos Foreign Capital With Workforce and Resource Potential: New Investment Law Must Be Able to Stand Up to Competition"]

[Text] Hanoi—A year after his entry into office, the reform-minded General Secretary of the Communist Party of Vietnam, Nguyen Van Linh, has achieved his first concrete success: At the end of December, the eighth national assembly passed the foreign-investment law that has been under discussion for over 5 years.

Hanoi is looking for Western partners for the development of its economy. Government officials are at pains to explain to the outside world the "liberal" nature of the law. The law may actually appear liberal from Hanoi's point of view. Three forms of cooperation are being offered to foreign firms: job orders, joint ventures, and wholly-owned foreign investment.

The law promises protection from nationalization, and repatriation of net profits after deduction of a 5-10 percent transfer tax, and welcomes foreigners into almost all areas of the national economy. A detailed listing of the industries that are open to foreigners is to be published, according to the text of the law, by the "National Foreign-Investment Management Agency."

It is precisely the tasks and authorities of this government agency, however, that betray how much less liberal the law is, from a western point of view, than Hanoi may believe. The Vietnamese investment incentives, too, are minimal in comparison to those of the ASEAN states. While the latter offer tax exemption for at least 5 years, Hanoi is granting 2 years at most, and this only "if an especially desirable project is at issue." In the case of such a project, 50 percent of taxes can also be remitted for a further 2 years.

Still, the tax rate is relatively low. It lies between 15 and 25 percent. In the case of projects in the oil and gas areas, when "scarce resources" are involved, the tax will be levied, according to Article 26, at the rates then prevailing internationally. In regard to import taxes, Article 35 makes reference to the import-export law currently in force. This provision is itself an example of the vagueness of the phrasing. Nguyen Yuan Oanh, who comes from south Vietnam and once worked for the IMF, explained in this connection that Hanoi was striving to keep the law "as simple as possible" and to give the government investment authorities leeway for flexibility. This may have a positive effect, but, to judge by the ASEAN countries' experience, foreign investors want to have clear and unequivocal legal underpinnings.

This should be all the more true for Vietnam, since the heads and the staff of the investment agencies are functionaries among whom only very few have any experience in dealing with Western businessmen. From Oanh's explanations it appears that the investment agency is not a central authority, but rather follows the concept of "democratic centralism," according to which regions and economic entities function with broad independence.

Such a concession to independence does not, however, mean that the party is giving up its right to input and supervision. The fact that the chairman of the government investment organs is the vice chairman of the corresponding People's Committee safeguards these functions. The provisions of Article 36, tasking the state agency "with ongoing oversight and control" of the business activities of joint ventures, purely foreign firms and individually contracted projects, are revealing in this connection.

In joint ventures, all important management decisions must be arrived at unanimously. This is true even when the foreign partner has the absolute majority share. Article 10, on the other hand, provides that profits and losses are to be divided in proportion to the partners' capital shares.

One of the most important points, which is yet to be settled, concerns exchange rates. According to Article 24, the Vietnamese State Bank will announce an official exchange rate. It is not apparent how Hanoi intends to solve this central problem of an acceptable exchange rate. Because of the catastrophic economic situation and the notoriously scarce supplies of goods, Vietnam faces galloping inflation.

In November, the exchange rate was fixed at 380 dong to the dollar. The black-market rate is around 1,000 dong. Oanh is optimistic, however, about the possibility of establishing a "solid" exchange rate. Hanoi is currently working, in cooperation with the IMF, on a comprehensive economic-stabilization program.

Questionable, too, is the provision of Article 16 under which, although wages are to be paid in Vietnamese currency, the funds for this purpose must be raised from foreign exchange. In plain language, this means that foreign enterprises are not allowed to meet their wage costs from revenues earned within the country. When asked what advantages Vietnam can offer foreign investors in comparison to those offered by the ASEAN countries, Oanh pointed to a cheap, skilled workforce and rich raw-materials resources.

But the ASEAN countries have all this as well. In addition, they possess developed infrastructures. Vietnam's success in attracting foreign investors to Vietnam will depend primarily on the flexibility and cooperative attitudes of the various authorities. Foreign firms will also have to be prepared for the fact that Vietnam's

infrastructure is in a bad way, energy supplies are neither sufficient nor dependable, and transportation and communications are underdeveloped. Port administrations are inefficient, and the entire ocean-borne carriage is dominated by shipping lines from the socialist bloc.

Nevertheless, stated Nguyen Yuan Oanh, Hanoi will at the end of January conclude a joint-venture agreement with the French firm Alcatel, under which Alcatel plans to build two production facilities, in Hanoi and in Ho Chi Minh City, for the development of a new telephone system.

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